



**Turning the tap off!
Incapacity benefit in
Glasgow and Scotland –
Trends over the
past five years**

KEY FINDINGS

This report examines the 'stock' of incapacity benefit (IB) claimants and investigates the 'on' and 'off' flow. This work was undertaken by the working group:

Dr Judith Brown, Research Assistant, Healthy Working Lives Research Group, University of Glasgow

Professor Phil Hanlon, Professor of Public Health, University of Glasgow

David Webster, Housing Strategy Manager, Glasgow City Council

Professor Ivan Turok, Professor of Urban Economic Development, University of Glasgow,

James Arnott, Senior Policy Development Officer, Glasgow City Council

Dr Ewan Macdonald, Head of Healthy Working Lives Research Group, University of Glasgow.

- Glasgow has a particular problem in terms of the absolute size of its IB claimant population (61,850 in 2005) and the fact that this population represents such a high proportion of the working age population (16.4% in 2005).
- There is a higher proportion of the working age population in Glasgow claiming IB than in the rest of Scotland. Glasgow's IB stock population is also more likely to have a poor work history (a higher proportion of 'credits only' claimants).
- Mental health problems account for 50% of those claiming IB in Glasgow.
- The majority of claimants have been receiving IB for greater than five years.
- The size of the IB population is declining slowly mainly because the rate of on flow has been reduced. Although the on flow rate remains higher in Glasgow than Scotland, the rate of on flow in Glasgow has fallen by 21% while in Scotland the rate of on flow has fallen by 16% since 2000.
- The absolute number of claimants moving off IB has remained fairly constant however the rate of off flow has increased in both Glasgow and Scotland. Although Glasgow still has lower off flow rates, some progress has been made towards closing the gap with the rest of Scotland.

This is the first stage of a study that will further investigate the interaction between health status, the labour market and policy interventions as they affect this vulnerable population. The full report of this work can be accessed at <http://www.gcph.co.uk/library/references.htm>

 INTRODUCTION**The UK context**

The proportion of the working age population in receipt of incapacity benefit (IB) has increased from around three per cent in the 1960s to over seven per cent today¹. In the past, many claimants saw this as the end of their working lives. Now, most people coming onto these benefits expect to get back to work but a very large number never do. 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 in Britain have been claiming it for two years or more.

Glasgow's challenge

In Glasgow, more than one quarter (110,500) of the working age population is economically inactive². The 'workless' population has been defined as 'working age people who are economically inactive but who have indicated that they would like to work if appropriate support was provided'. Nearly one fifth (18% or 62,000) of Glasgow's working age population are claimants of the sickness-related benefit incapacity benefit. Glasgow has a much larger number (and a higher proportion) of the population on IB than any other city in Britain. While unemployment has fallen by half since 1996 (from 32,000), the number claiming IB has remained at a high level.

The policy response

The UK government recently published 'A new deal for welfare: Empowering people to work' (2006), a consultation document that sets out the measures it wishes to take to overhaul the IB system in the UK¹. The aim is to help those on IB with routes back to work. The measures include 'Pathways to Work', an initiative that is being tested in a number of regions before roll out to the rest of the UK.

Definitions

Incapacity Benefit (IB) is the key contributory benefit for people who are incapable of work because of illness or disability. In order to qualify for IB, claimants must be incapable of work, not entitled to Statutory Sick Pay and have sufficient National Insurance contributions. IB is paid to women up to age 60 and to men up to age 65.

Types of IB claimants

There are two categories of IB claimants: 'Payment' and 'Credits only' claimants. Definitions are complex and the benefits system as a whole tries to ensure that individuals receive broadly equivalent amounts from the State – but the source may vary.

For our purposes, the key difference is that 'Payment' IB claimants have a good recent work history and receive IB payment. 'Credits only' claimants receive financial support from other sources but are 'credited' with pension contributions and gain access to other benefits like Income Support with a disability premium. These claimants have less good recent work histories.

How much is IB payment?

For the 'Payment' claimants, IB is paid at three rates. There are two short-term rates and one long term rate:

1. The lower rate (IBST(L)) is paid for the first 28 weeks of sickness (currently £59.20 pw)
2. The higher rate (IBST(H)) for weeks 29 to 52 (currently £70.05 pw).
3. The long-term rate (IBLT) applies to people who have been sick for more than a year (currently £78.50 pw).

Severe disablement allowance (SDA)

SDA is a benefit for people who are not able to work, have not been able to work for at least 28 weeks and do not have enough NI contributions to claim IB. Since April 2001 SDA has not existed for new claimants. In 2005 there were 4,410 SDA claimants in Glasgow (7% of total IB claimants). In this analysis IB and SDA claimants are treated as a single group.

AIMS AND PURPOSE

The overall aim of the research was to draw upon a range of statistical and other sources to build up a detailed picture of the IB population in Glasgow and to compare this with that of the West of Scotland and Scotland.

Our intention is to begin a body of work that will influence policy and aid in the challenge of improving the health and wellbeing of this population.

APPROACH AND METHODS

This report is based on quarterly 100% sample data from the Department for Work and Pensions (DWP) Information Directorate Work and Pensions Longitudinal Study.

The 'stock IB' population refers to those claiming IB at any given time. The 'on flow' refers to those starting to claim IB and the 'off flow' refers to those whose claim has terminated.

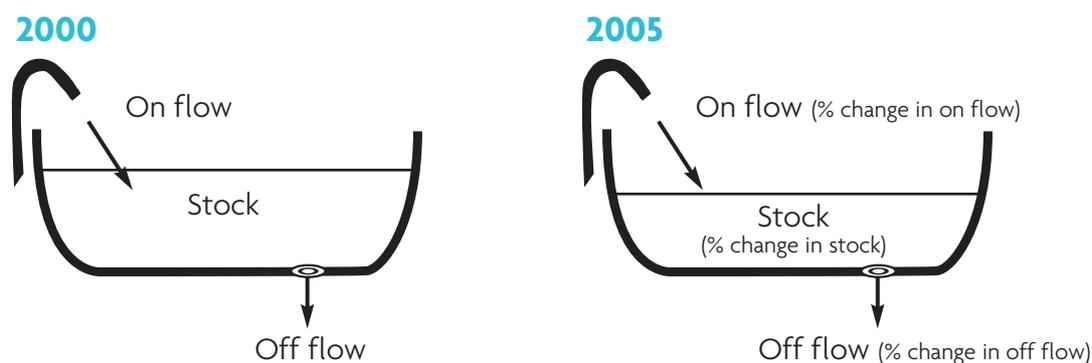
The stock IB claimants data have been provided quarterly from June 1999 until February 2006. Where yearly data are shown in the report they have been calculated by taking a mean of the data from four quarters. For example, yearly data for 2005 were calculated by taking a mean of the data from the four quarters commencing December 2004 and ending in November 2005.

The on flows and off flows to IB have been provided quarterly from September 1999 to November 2005. The on and off flow data have been computed into yearly data. For example, data for the year 2005 are the sum of the four quarters from December 2004 to the quarter ending November 2005.

In addition, information is provided about the age, sex, reason on IB, time on IB and previous benefit history of IB claimants.

In the report we have used a bath water analogy. The stock IB population are represented by the amount of bath water. The on and off flow populations are represented as the tap water and the outflow respectively.

IB stock, on flow and off flow



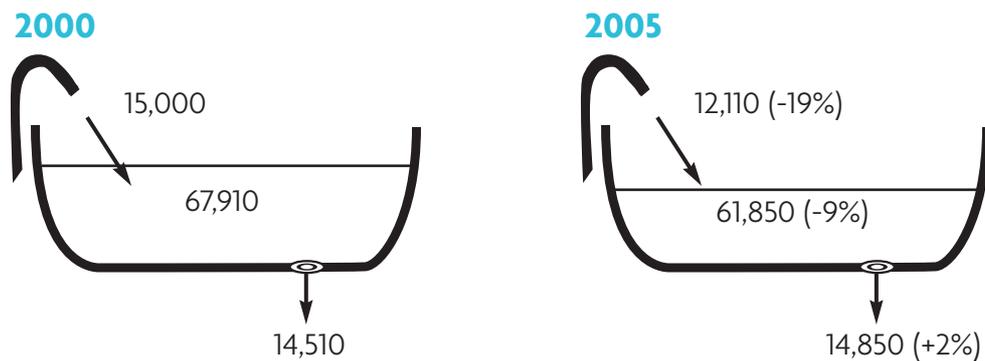
FINDINGS AND CONCLUSIONS

This report examines the 'stock' of incapacity benefit (IB) claimants and investigates the 'on' and 'off' flow. 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.

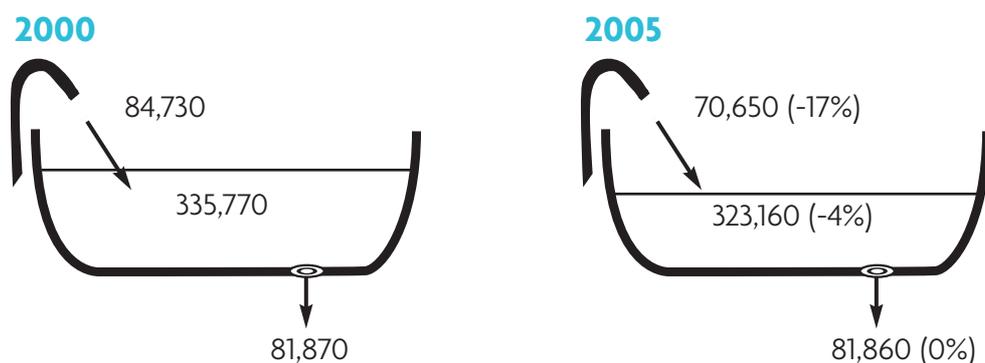
The IB stock population

Glasgow has a particular problem in terms of the absolute size of its IB claimant population (61,850 in 2005) and the fact that this population represents such a high proportion of the working age population (16.4% in 2005). Between the years 2000 and 2005, there has been a reduction in IB stock claimants in Glasgow and the rest of Scotland. This is mainly due to a decrease in on flow.

Stock IB claimants, On and Off flows in Glasgow in 2000 and 2005



Stock IB claimants, On and Off flows in Scotland in 2000 and 2005



There is a higher proportion of the working age population in Glasgow claiming IB than in the rest of Scotland. Glasgow's IB stock population is more likely to have a poor work history (higher proportion of credits only claimants).

The male:female ratio of IB claimants is constant over time and geography. Females are over represented in the poor work history group (credits only claimants).

In Glasgow, the largest proportion of IB claimants are in the 40-60 age group, which has increased between 2000 and 2005. Strikingly, 35% of 55-59 year olds in Glasgow are on IB. There is a remarkable difference in age profile between payment and credits only claimants. Claimants with a poor work history (credits only) are younger. In both Glasgow and Scotland, more than 50% of payments claimants are aged over 50 compared to under 30% of credits only claimants.

Mental health problems account for 50% of those claiming IB in Glasgow. Claimants with mental health problems are more likely to have had a poor work history (credits only).

The majority of claimants have been receiving IB for more than five years. There has been a decrease in the number claiming for between two and five years and an increase in those claiming for over five years.

On flows and off flows to the IB stock

In 2005, 3.8% of the working age population in Glasgow moved on to IB while 2.5% of the working age population in Scotland moved on to IB. In Glasgow, the on flow is made up of more people with a poor work history (credits only) while in Scotland as a whole the opposite is true. Although the actual on flow rate is higher in Glasgow, the rate of on flow in Glasgow has fallen by 21% while in Scotland the rate of on flow has fallen by 16% since 2000.

The absolute number of claimants moving off IB has remained fairly constant since 2000 but the rate of off flow has increased (21.4% in 2000 to 24.0% in 2005 for Glasgow and 24.4% to 25.3% for Scotland). As a result, although Glasgow still has lower off flow rates, it has gone some way towards closing the gap with the rest of Scotland. Off flow rates are higher for people under 30 than for older claimants, and there has been a particularly striking increase in off flow in Glasgow in this younger age group. Off flow rates have increased in both Glasgow and Scotland for claimants in every category of duration of claim except for those claiming over five years, for which they have fallen.

In recent years, considerable investment has gone into increasing the off flow by supporting IB claimants through return to work schemes. The time period for this study (2000 – 2005) may be too early to have detected the full impact of this recent investment.

RECOMMENDATIONS

This report is only a beginning and has led to a series of research recommendations. The authors are now developing a programme of work to achieve the following:

1. Set up the capacity to report on the number and nature of the stock, on flow and off flow claimants in as close to real time as possible. This will provide important information for those developing interventions.
2. Discover more about the determinants of successful return from IB claimant status to work.
3. Better understand the dynamic relationship between health status, the labour market and policy interventions as they affect this vulnerable population.
4. Provide feedback from the above to policy makers, professionals and the public.

REFERENCES

1. Department for Work and Pensions. A new deal for welfare: Empowering people to work. 2006. London.
2. Glasgow Community Planning Partnership. Regeneration Outcome Agreement 2006-2008. 2005

ACKNOWLEDGEMENTS

This work would not have been possible without the help of **Penny Sinclair** and **Gary Gifford** at the Information Directorate, Department for Work and Pensions who provided the data.

The authors are also grateful to the following:

- **David Walsh** (Glasgow Centre for Population Health) **Michael Kennedy** (Scottish Executive), **Raymond Wallace** (Healthy Working Lives South Lanarkshire), **Jack Martin** (Head of Scottish Incapacity Benefits Innovations Unit), **Mark Kennedy** (Director of Condition Management Programme, NHS Lanarkshire) **Robert McKay** (Work Implementation Manager JobCentre Plus/DWP Glasgow), **Carol Dutch** (Pathways To Work Implementation Manager, Lanarkshire and East Dunbartonshire), **Raymond Johnston** and **David Seers** (Workforce Plus, Scottish Executive), who all helped with early discussions of the study.
- **Linda Taylor** at General Register Office for Scotland for the production of a new census table.
- **Mike Daly** and **James Battye**, Disability and Work Division Sheffield, DWP.
- **Dr Bill Gunnyeon**, Chief Medical Adviser, Medical Director and Chief Scientist to the DWP.
- **Prof Carol Tannahill** (Director), **Dr Russell Jones** (Public Health Programme Manager) and the Glasgow Centre for Population Health.

CONTACT

Dr Russell Jones

Public Health Programme Manager (Healthy Urban Planning)

Centre for Population Health

Level 6, 39 St Vincent Place

Glasgow G1 2ER

Tel: 0141 221 9439 • Email: russell.jones@drs.glasgow.gov.uk

Web: www.gcph.co.uk

For further information on the research methods and findings, contact:

Dr Judith Brown, Research Assistant, Health Working Lives Research Group, Public Health and Health Policy, University of Glasgow

Tel: 0141 330 2023 • Email: j.brown@clinmed.gla.ac.uk