

NORTH LANARKSHIRE COUNCIL
REPORT

To: SOCIAL WORK (OPERATIONS AND SERVICES) SUB COMMITTEE		Subject: WELFARE BENEFIT REFORM; GREEN PAPER
From: DIRECTOR OF SOCIAL WORK		
Date: 2 MAY 2006	Ref: JD/CM/DH	

1. Purpose of Report / Introduction

To highlight the implications of the governments Green Paper: A New-Deal for Welfare, Empowering People to Work, and how the proposals will impact upon the residents of North Lanarkshire.

2. Background

- 2.1. Since 1997 the government has introduced changes to the benefits system to support the transition from welfare to work. The Green Paper: A New-Deal for Welfare, Empowering People to Work, concludes that with the right help and support many people on welfare-benefits (particularly Incapacity Benefit and Income Support Disability Premium claimants) can be assisted back to work. A detailed report on the Green Paper was presented to the Economic Regeneration Committee on 14 March 2006 along with the Council's response to the Green Paper.
- 2.2. Whilst the proposals in the Green Paper are generally welcomed there are concerns about specific elements and proposals which need to be highlighted.

3. A New-Deal for Welfare, Empowering People to Work

- 3.1. In order to access Incapacity Benefit and or the Disability Premium on Income Support an applicant must undergo a Personal Capability Assessment. The new Personal Capability Assessment will build upon the existing one which is already recognised by the Organisation for Economic Co-operation and Development as one of "the toughest in the world."
- 3.2. The government intends to extend Pathways to Work provision across the country by 2008. This provision will be implemented earlier in Lanarkshire with the new Pathways to Work services starting this year. The Green Paper indicates that the private and voluntary sector, rather than Jobcentre Plus staff will deliver the support provision for claimants, with payment by results and outcomes.
- 3.3. With 30,000 jobs being lost in the Department of Works and Pensions and private and voluntary sector companies and organisations bidding for contracts there are concerns regarding the level of support which will actually be delivered. Unless the support is at the level envisaged in the Green Paper, many people may be declared

fit for work, consequently lose benefit but be no closer to securing employment than they were previously.

- 3.4. One of the main barriers to people coming off Incapacity Benefit is the unwillingness of employers to employ people who have been on a sickness or disability related benefit for any length of time, this is especially so in relation to people suffering from a mental health difficulty. Unless this issue is also addressed the stated aims of the initiative may not be achieved.

4. Local Issues

- 4.1. North Lanarkshire Council's area has one of the highest Incapacity Benefit and Disability Premium claimant counts in the country. Much of this may be due to the historical nature of work in the area, e.g. heavy industry, life styles, and, possibly, social exclusion related ill health. Some 27,000 people claim Incapacity Benefit or have an award of the Disability Premium. This amounts to approximately £141 million per annum, which normally goes into the local economy.
- 4.2. The award of Incapacity Benefit or the Disability premium may entitle recipients to other means tested benefits e.g. Housing and Council Tax Benefits. The loss of Incapacity Benefit or Disability Premium may lead to a reduction, or total loss, of associated benefits to existing benefit recipients.
- 4.3. There are concerns that people who will be assisted into work through the new proposals may encounter what is known as the "Benefit Trap". This is where existing income from benefits is marginal when compared to earned income. In addition where someone is classified as fit for work it could be anticipated that they will go onto Jobseekers Allowance which is paid at a lower rate than Incapacity Benefit.
- 4.4. The Social Work Department's Welfare Rights Service represents at appeal many people who have been classed as fit for work. Nationally, around 60% of all Incapacity Benefit appeals are successful. It is envisaged that there will be an increase in the number of requests for assistance, advocacy and representation at appeals. This will lead to resource implications for the Social Work Department's Welfare Rights Service.

5. Financial/Personnel/Legal/Policy Implications

- 5.1. There will be some financial impact to individuals, their families and the Council in relation to the loss of associated benefits, such as Housing and Council Tax Benefits, if large numbers of people are found fit for work or are placed on the Employment Support component.
- 5.2. If large numbers are found fit for work or placed on the Employment Support component there will be a rise in the number of appeals leading to resource implications for Welfare Rights and other Social Work staff. Monitoring arrangements are in place to check on any increased demand for such services.

6. Recommendations

6.1. Committee is requested to note the contents of the report.

A handwritten signature in black ink, appearing to read "Jim Dickie". The signature is written in a cursive style with a large initial "J" and "D".

Jim Dickie
Director of Social Work
31 March 2006

For further information on this report please contact George McNally, Manager Social Work Strategy on telephone 01698 332555