

# Activating the (un)employed: embedded trajectories, embedded problems?

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## Introduction

The Coalition administration has presided over considerable reconfiguration in labour market activation policies and the expectations placed on people in lower paying work. Two flagship programmes – Universal Credit and the Work Programme – have been rolled out with considerable fanfare but both have experienced significant, widely discussed and still largely unresolved problems. Our aim here is not to rehearse these debates but instead to focus on some of the key themes of these transformations and to consider the new messages, new directions and new problems that they create for any future government.

Since 2010 Coalition rhetoric has intensified around the stigmatisation of the poor and unemployed with the image of 'shirkers' and 'scroungers' now firmly seeded in hardening public attitudes to welfare. Accompanying this, new boundaries have been set in the reach of welfare conditionality with Universal Credit now, for the first time, applying conditionality to low-paid workers, redefining them by default no longer as hard working 'strivers' but rather as potential 'skivers' whose work efforts need to be constantly monitored. For the long-term unemployed Work Programme and, as a later addition, Help to Work have, despite their many problems, radically reshaped the activation landscape towards quasi-marketisation, outsourcing and payment by results.

## Universal Credit: a quiet but radical expansion of conditionality

A wholesale rationalisation of the benefit system that has been beset with implementation problems, this typical depiction of Universal Credit (UC) neglects the more radical implication of the scheme which erases the longstanding clean

binary distinction between 'in-work deserving' and 'out-of-work shirking' that Coalition (and prior) rhetoric has relied upon and consolidated as ideological justification for a series of reforms. This rhetorical device has stood firm despite shaky empirical foundations with, for example, other forms of productive labour besides paid work (caring and volunteering) and other ways of paying taxes (VAT, stamp duty and, increasingly, council tax) continually purged from discussion. Despite those empirical weaknesses this long-standing dichotomy has nevertheless provided a relatively crisp, 'safe' device for governments looking to strengthen conditions on the unemployed and for the broader public to buy into. Clearly there are implementation problems with the roll-out of UC but more fundamental in UC is the explicit fracture of this dichotomy and the repositioning of low-income workers receiving tax credits within a seemingly ever-expanding population of 'shirkers' in need of behavioural monitoring and reform.

This rebranding of the working-poor raises issues and risks/opportunities (depending on your perspective). Around 20% of working age households are currently in receipt of Working Tax Credit (WTC) due their low earned incomes and hence are now subject to UC's in-work conditionality. Children and single parents (the vast majority of whom are women) will be particularly affected by this expansion of in-work conditionality: around three quarters of families receiving WTC have children and of these most are single parent households. At a technical level it is questionable how effectively, and certainly how consistently, front-line advisor discretion will resolve decisions of what counts as enough work effort, how hard to push already working claimants, and when to sanction. More broadly UC crystallises the Conservative approach to labour markets and to the (now expanded and

muddied) 'shirking poor' via policies that coerce the working poor to simply do more poor quality work (low paid and insecure) without having any reciprocal policies to change the nature of labour markets (improved job quality, security, pay or progression) or, even, to stimulate labour demand in sluggish labour markets. As such, UC distils a key micro/macro distinction and electoral battleground between the two main parties in the run-up to the general election: a Conservative Party committed to harrying the poor both in and out of work in their chase for larger *aggregate* numbers of workers, higher GDP and lower claimant counts without Labour's commensurate micro-level concerns for the quality of that work for *individuals* and *families* and the well-being and living standards of those in work. This presents risks to a Conservative Party who have previously worked so tirelessly to strengthen the work/non-work dichotomy and presents opportunities to an opposition Labour Party now gifted by the UC reforms vast swathes of low income workers now morally questioned and castigated for their efforts.

### Welfare to work reform: big splash, lots to mop up

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In the field of activation, following New Labour's smaller scale experimentations the Coalitions' flag ship Work Programme promised a revolution in back to work support through its universality across the long-term unemployed and the scale of its outsourcing, payment by results and provider flexibility. Since the outset major problems became almost immediately apparent and many still remain in need of remedy. Poor job outcomes in the early stages have improved for Jobseeker's Allowance (JSA) participants but still remain in-line with performance of previous schemes. Outcomes for Employment Support Allowance (ESA) claimants remain extremely disappointing with only around 10% achieving successful outcomes after 12 months on the programme. It would not be a surprise to see ESA claimants pulled out of the Work Programme model after recommissioning. The existing payment groups and differential payments system – intended to reduce 'parking' of relatively harder to help participants by varying payment levels across claimant groups – could be redesigned to work

more effectively but is not currently functioning well. Its combination with light-touch oversight and weak and variable minimum service guarantees continues to leave participants vulnerable to poor quality and/or infrequent support. Despite the DWP's desires to tap into the stated creativity of the private sector, innovation within the programme seems scarce and most provision is of a fairly basic and generic type similar to that already received from Jobcentre Plus. Where innovations and successes do occur the 'black box' offers little hope of systemic learning or sharing of best practice amongst competitive providers or with the Department for Work and Pensions (DWP), stymying longer-term understanding, performance and value-for-money.

Work Programme is also a lesson in the importance of thinking carefully within a payment by results model about what 'success' means, how to sensibly measure it and what exactly one is paying for. The official performance metric was from the outset known to be poorly designed and has left the department liable for an estimated £44m over the course of the programme in unnecessary incentive payments to reward supposedly exceptional performance, even in cases where the DWP considers providers to be failing. Despite its stated objective to 'narrow the gap' between the performance of those with fewer and greater barriers to paid employment, the payment incentives and cost pressures in Work Programme all run counter-cyclically (and counter-intuitively) to what one actually wants in order to achieve this narrowing – rewarding providers more easily in economic booms rather than downturns and incentivising providers to shy away from investing energy and resources into claimants with more complex needs and geographical areas with weaker labour markets where job outcomes may be either unlikely or expensive (in terms of support costs) to achieve. It does not help that the scheme again pushes necessary issues of labour demand and more creative labour market interventions such as wage-subsidies, tailored voluntary work experience placements, job shadowing and work trials largely off the table.

On the results side of the payment by results equation, the focus on job outcomes is under-

standable but creates risks for those claimants in the programme with complex needs for whom a return to work may be a long-term project requiring considerable support and resources. Greater availability of resources to support such claimants would be one (possibly necessary) solution but so too would be the introduction of outcome payments for milestones relating to progressing claimants closer towards the labour market. Most basically, we know very little about the value-added of Work Programme provision and about how much precisely providers are contributing to the outcomes that they are being paid for. Most Work Programme payment volume, for example, is loaded within the monthly sustainment payments to providers for helping claimants stay in jobs if they secure them, yet only around half of those eligible noted receiving any in-work support and of those around two-thirds felt that the in-work support that they did receive had no impact on them staying in work.

### **The Coalition's WTW record: more change, less improvement, big questions to address**

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Surveying the Coalition's legacy across the newly formed welfare-to-work (WTW) policy landscape, two key overarching issues of systemic coherence and localisation emerge for the next government to tackle. Firstly, in terms of systemic coherence we are referring to a need to reorientate the disconnected and misaligned logics, sequencing and contents of the various key policies in existence – JCP, Work Programme, Work Choice and Help to Work. Why is Work Programme provision dominated by the type of generic support that claimants will have spent months receiving previously via Jobcentre Plus? Why are some disabled claimants referred to Work Programme and others to Work Choice? Why is it only in Help to Work, a post-hoc policy creation to deal with the unsuccessful outflows from Work Programme, that claimants are offered intensive coaching and community work placements? Our argument is not that the mandate within Help to Work is sensible or likely to be effective (daily signing-in at a Jobcentre isn't likely to boost job transitions for example). Rather, our point is to question why we have a

system where people are unemployed for three years before they are able to access these rhetorical promises of 'more intensive support' via Help to Work. If tailored, intensive, relevant and meaningful skills courses, work placements and advisor coaching were offered far sooner in claimants' journeys back to work then all academic evidence suggests those interventions would be gladly taken up voluntarily by unemployed individuals who overwhelmingly want to get back to work. We need to fundamentally rethink the function and interactions of these schemes putting the claimants needs and perspectives at heart so that all receive the most suitable type and intensity of support at the most appropriate time point.

Secondly, Help to Work in particular appears to have opened the door to localised procurement of quasi-marketised WTW schemes and there seems increasing appetite for such localisation. There are indeed real opportunities for more holistic, locally embedded and genuinely joined up multi-agency support from devolved WTW delivery. At the same time, cascading responsibilities for the design, contracting, monitoring and financing of such schemes brings with it significant risks for local authorities and city regions. Reflecting on the many difficulties that Work Programme design, commissioning and contracting has faced, and noting the DWP's relatively stronger size and experience in these activities, it is not clear that local authorities necessarily have the capacity or expertise to ensure well-designed contracts and high-performing programmes, particularly after several years of bruising cuts to their budgets and workforces. There is in this context significant risk around variability, market fragmentation, over-payment, poor provision and financial risk to authorities and ultimately claimants.

### **Conclusion**

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Regardless of the colour of the next government the enormity of these reforms makes any significant policy paddle-back almost unthinkable, with the exception perhaps of in-work conditionality within UC should this element prove to be unworkable on the ground or publicly unpalatable. Yet at the same time the path left by the

Coalition across these reforms remains both littered with cracks and flaws for the next administration to work through. So whilst the broad direction over the next administration seems secure the fine details of how, for whom and at what spatial scale these will be implemented remains somewhat up in the air.