

## Final outcomes from the Permitted Work Rules

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### Background

The Permitted Work Rules (PWR) were introduced in April 2002 and replaced the existing provisions, commonly known as Therapeutic Work (TW). Under the Permitted Work Rules, recipients of incapacity benefits may work up to 16 hours per week and earn a set amount each week, but (unlike TW which was not time-limited) for a set period of time only (up to a maximum of 52 weeks). This is called the 'Permitted Work Higher Limit' or PWHL. For some customers, and mainly those with more severe health conditions and disabilities, this work can be undertaken indefinitely but only if they are supervised by a local authority or voluntary organisation; this work is called 'Supported Permitted Work' or SPW. Essentially, the Permitted Work Rules aim to help people on incapacity benefits to undertake, or try, some work whilst continuing to receive benefits but there is now a much greater emphasis on helping them to progress to full-time employment over time.

### Methodology

This study was longitudinal and this report presents the findings from the third and final wave of a quantitative telephone survey of TW, PWHL and SPW customers. The first survey (Wave One) was undertaken between January and March 2003, just before the one-year transitional arrangements came to an end for TW customers. A total of 1,435 customers were interviewed at this time. The second survey (Wave Two) went back to these respondents in March and April 2004 at which time 929 interviews

took place. This third wave of research followed up 676 of these customers and was carried out between January and February 2005.

### Key findings

- The Permitted Work Rules are working for many customers, in particular, those customers who are new to work. There is clear evidence that, for a (not insignificant) minority of customers, the Permitted Work Rules have acted as a stepping stone to employment, and as a shift away from benefits. Customers who are most likely to have moved off benefits and into work are those who had undertaken some work under Permitted Work Rules, *ie* PWHL customers.
- There are indications that people who have claimed incapacity benefits for shorter periods of time, prior to starting work under the PWR, are more likely to make the transition away from state benefits and into (full-time) employment. People with longer durations of claims to benefit are much less likely to make this transition.
- People who have made the transition away from incapacity benefits and into independent employment are more likely to live with a partner who works than to live alone or live with a partner who does not work.
- Moves into work have been sustained over the medium-term. Most customers who were in work at the last wave of research continue to be in work at Wave Three and most of them with the same employer.
- Working is, without doubt, very beneficial for those who have engaged in it. Both soft and

hard gains continue to be reported from work.

- Contact with Jobcentre Plus offices and staff is low. Although few respondents report any recent contact with local offices, where there has been contact, it has been very useful.
- Customers continue to request additional information, help and support about work-related issues, including more information on in-work benefits.

### *Current activity*

In all, 58 per cent of respondents to the Wave Three survey were in paid employment at the time they were interviewed, which is a similar proportion to those in work at Wave Two. Twenty-five per cent of all customers taking part in the Wave Three survey were in work and not receiving incapacity benefits (some may have been receiving tax credits), whilst a further 33 per cent of customers were in work and still claiming state benefits at the time of the survey. The remaining 43 per cent of customers were not in work when they were interviewed at Wave Three.

Customers who were most likely to be in work and off benefits appear to be those who are fairly new to work. Over half of respondents who were working and no longer claiming incapacity benefits (54 per cent) had started work under PWHL, *ie* they had been classified as PWHL customers when they were first recruited to the research sample. Conversely, customers who were most likely to be in work but still claiming benefits were more likely to have been engaged in Therapeutic Work when they were first sampled (75 per cent of all those in work and still in receipt of incapacity benefits had been TW customers).

The likelihood of moving into work and coming off benefits seems to be linked to the length of time that people had been claiming incapacity benefits prior to the commencement of the research. Customers who had been on benefits for shorter periods of time were most likely to have moved into independent employment and away from state benefits. Forty per cent of customers who were in work and off benefits at Wave Three had been claiming for up to two years at the start of this research compared to just ten per cent of customers who were in work but still claiming incapacity benefits. Eight out of ten people who were working but who remained dependent on state benefits had been on

incapacity benefits for three years or more before the research began.

Marital status, or living arrangements, also appear to be an important factor when it comes to moving into work and off benefits. People who are living with a partner who is also in employment are more likely to be in work and off benefits. Almost half of all customers who had moved into independent employment (47 per cent) were living with a working partner compared to 37 per cent who were living alone and 15 per cent who lived with a partner who did not work. This finding suggests that single people, in particular, may be facing a benefits trap which makes moving into work much more difficult. Although single people can claim tax credits to assist them in making the transition to more independent employment, the cut off point may be too low to make this financially worth their while.

### *Customers in work and off incapacity benefits*

Generally, customers who were in work at Wave Three and who had moved off benefits were more likely to have started work under the PWR regulations than under the TW regime. They were most likely to have been claiming incapacity benefits for shorter periods of time prior to starting work compared to customers who were in work but still on benefits. These customers were also more likely to be living with a partner who was in employment than to be living alone or with a partner who was not in work.

There appears to be a fair degree of stability amongst this group of customers with 85 per cent of people who were in work and off benefits at Wave Three saying that they continued to work for their Wave Two employer. The majority of customers who were in work and no longer claiming incapacity benefits were, not surprisingly, working for 16 hours or more each week (84 per cent) and most reported that they had maintained their working hours between the two survey points, *ie* Waves Two and Three. Having said this, just over one-quarter of customers who were in work and no longer claiming benefits (26 per cent) had actually increased their working hours since Wave Two. The main reasons they offered for increasing the number of hours that they worked were to increase their income, because their employer had offered more hours, or because their health condition or disability had improved over time.

Encouragingly, 83 per cent of customers, who were in work and off benefits at the time of the Wave Three survey, intended to continue working as now over the next 12 months, with a further seven per cent looking to increase their working hours during this time.

### *Customers in work and on incapacity benefits*

Customers who were in work at the time of the Wave Three survey but who continued to claim incapacity benefits were most likely to have come into work via the TW route rather than through the Permitted Work Rules. They are most likely to have been claiming incapacity benefits for longer periods of time, and are more likely to be living alone than living with a working partner.

As with customers who are in work and off benefits, most of these customers were in work when they were last surveyed with the majority continuing to work for the same employer (94 per cent). However, unlike people who had moved off incapacity benefits, these customers were much less likely to be working 16 hours or more per week, indeed, just 19 per cent of customers who were in work but still claiming state benefits were doing so. A little over one-quarter of customers who worked and continued to claim incapacity benefits at Wave Three (27 per cent) reported that they worked for four hours or less per week whilst over half said they worked between five and 15 hours each week (52 per cent).

Most customers who were in work and receiving benefits at Wave Three also reported that they were working the same hours as they had been at Wave Two (76 per cent). Just nine per cent of customers who were working at Wave Three and still claiming benefits had increased their hours since the last survey, with a further four per cent reducing the number of hours that they worked between the two survey points.

Approximately one in three customers who were in work at Wave Three and who continued to claim benefits reported that they were in some sort of supported employment (31 per cent) at the time of the survey. The remaining 69 per cent of customers in this group, however, said they did not receive support to help them to work and it is not clear how these customers have continued to work the hours that they do (mostly under 16 per week) and over this time frame (*ie* since at

least Wave Two), as this is not possible under the Permitted Work Rules. It may be that customers have misreported their working hours, or benefit status, believing themselves to be in receipt of an incapacity benefit when in fact, they are receiving tax credits.

With regard to the future, it is clear that the majority of customers who were in work and who continued to claim incapacity benefits intended to carry on as they were at Wave Three. Although most of these customers were working less than 16 hours, and only one-third appear to be in supported employment (and thus presumably on SPW), 76 per cent of all customers who were in work and on benefits intended to carry on working as now into the next 12 months. Eleven per cent of customers who were in work and claiming incapacity benefits at Wave Three did report that they would like to increase the hours that they worked in the near future. The main reasons for doing so were to increase their income, because they enjoyed work, and/or to improve their self-esteem and the amount of social contact that they had.

### *Gains from work*

Customers who are in work continue to report significant gains as a result of their most recent employment. In the main, these gains relate to the knowledge that they can cope in work, increases in their self-confidence and motivation and a greater sense of independence. Over half of all customers, who were in work and who were off incapacity benefits at the time of the Wave Three survey, also reported that their recent experience of working had improved their career prospects. Many respondents, who were in work, also said that they had gained in key skills, such as communication skills and team working skills. As in the earlier waves of research with this customer group, the benefits of working, afforded by the PWR, should not be understated.

### *Customers not in work*

Forty-three per cent of all Wave Three respondents were not in work at the time they were surveyed. The people who were most likely to be out of work were those who had been claiming incapacity benefits for longer periods of time, *ie* three years or more, and who were living alone. Most customers who were out of work at Wave Three were also in receipt of incapacity benefits (92 per cent).

Fifteen per cent of customers who were not in work at the time of the Wave Three survey had actually given up work since Wave Two. The main reasons they gave for doing so were because their disability or health condition had worsened, because of the Permitted Work Rules, or because the job had only ever been temporary.

### Contact with Jobcentre Plus

It was important to establish the level of contact that respondents had experienced with Jobcentre Plus in order to assess the role played by local offices in helping people with work-related issues and the Permitted Work Rules more generally. A key question for the research was whether successful work outcomes were in any way linked to more frequent Jobcentre Plus intervention.

With few exceptions, contact with Jobcentre Plus about working and the PWR (and thus its impact) has been minimal. Customers who were in work and off benefits were, perhaps not surprisingly, the least likely to recall any contact with local offices (29 per cent of these customers could recall such contact) with just over half of customers who were in work and on benefits (57 per cent) and customers who were not in work (52 per cent) recalling any contact with Jobcentre Plus. Moreover, less than half of any of this contact was in any way related to work or the PWR. People who were on benefits, including those in work and out of work, were more likely to have been in contact with Jobcentre Plus about the Permitted Work Rules themselves, or about starting work, than customers who were already in work and off benefits. Customers who were in work, and off or on benefits, were (not surprisingly) more likely to have been in contact with local offices about continuing work than customers who were not in work.

Many customers who had not had any recent contact with their local office, or who could not recall any contact over the last 12 months about work-related issues, said that they would have liked this sort of help and advice. On a similar point, very few customers had received any advice on in-work benefits, although where this help had been received, it had helped customers to make the decision to start work. Again, many customers who did not receive this advice have said they would have found it useful.

### Conclusions and recommendations

This research set out to assess if, and how, the Permitted Work Rules have acted as a stepping stone to work for people on incapacity benefits. It is clear that many customers have been able to gain invaluable experience of working, whilst still receiving benefits, before making the move to full-time work and, importantly, coming off incapacity benefits.

Approximately one-quarter of respondents in this survey have managed to make, and sustain, such a move and it is for this group of people that the Permitted Work Rules have been the most successful. There are, however, many customers who have tried work under the PWR but who have had to stop doing so. Having said this, a significant number of these people are keen to try work again in the future, which is also a successful outcome for PWR; it has turned some people on to the idea of working, and has raised awareness of the possibility of doing so. It is important not to lose the momentum gained by these customers after a period of work and exit guidance is recommended for these people to keep awareness high and to discuss future employment possibilities and plans where appropriate.

Further work is also required to understand the barriers faced by single people on incapacity benefits as they are less likely to have made the transition to full-time employment. The tax credit system appears to serve this group of customers least well which can often make the move off benefits and into work financially unviable.

The full report of these research findings is published for the Department for Work and Pensions by Corporate Document Services (ISBN 1 84123 857 0. Research Report 268. July 2005).

It is available from Paul Noakes at the address below.

You can also download this report free from: [www.dwp.gov.uk/asd/](http://www.dwp.gov.uk/asd/)

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