

INCAPACITY BENEFIT REFORM

The local, regional
and national impact



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CRESR

Centre for Regional Economic
and Social Research

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Key points

- *Major reforms to the incapacity benefits system are underway. These include a tougher medical test, the re-testing of existing claimants and the time-limiting of entitlement to non-means tested benefit. The impact of the reforms has so far barely been felt.*
- *The report estimates that by 2014 the reforms will cut incapacity claimant numbers by nearly one million, of which more than 800,000 will be existing incapacity claimants who will lose their entitlement. These figures are based on experience in the areas where the reforms have been piloted and on the DWP's own assumptions about the impact of the reforms.*
- *The loss of entitlement is entirely the result of new benefit rules. It does not necessarily indicate that the health problems or disabilities that previously gave entitlement are anything other than genuine.*
- *Nearly 600,000 incapacity claimants will be pushed out of the benefits system entirely, either because they will fall foul of the time-limit on non-means tested entitlement or because they fail to qualify for other means-tested benefits.*
- *The reform of incapacity benefits will push up the numbers on Jobseeker's Allowance by approaching 300,000. Combined with the new requirement on many incapacity claimants to engage in 'work-related activity', the increase in compulsory labour market engagement will be around 900,000.*
- *The highly skewed distribution of incapacity claimants across the country means that the older industrial areas of the North, Scotland and Wales, in particular, will be most affected by the reforms. The reforms will impact barely at all on the most prosperous parts of southern England.*
- *Although some incapacity claimants will re-engage with the labour market, there is little reason to suppose that the big fall in claimant numbers will lead to significant increases in employment. Incapacity claimants often face multiple obstacles to working again and their concentration in the weakest local economies and most disadvantaged communities means they usually have little chance of finding work.*

Introduction

The incapacity benefit reforms that are underway are poised to hit Britain. Their impact has so far barely been felt but over the next two to three years the reforms will hit hard and in rapid succession.

The reform of incapacity benefits matters because it affects so many people. In total, nearly 2.6m men and women of working age are out-of-work on incapacity benefits. This far exceeds the 1.5m out-of-work on Jobseeker's Allowance in late 2011, even in the wake of recession.

Furthermore, incapacity benefit claimants are far from evenly spread around the country. In Britain's older industrial areas, in particular, the share of adults of working age claiming incapacity benefits often exceeds 10 per cent. By contrast, in large parts of southern England the claimant rate is far lower, typically 2-4 per cent. What this means is that the incapacity benefit reforms are poised to have a far greater impact in some areas than others, and it is Britain's most disadvantaged communities that will often be hit hardest.

But just how many men and women will lose their entitlement to incapacity benefits? How many will be pushed onto Jobseeker's Allowance instead? And how many will be pushed right out of the benefits system altogether?

The answers to these questions are especially pertinent because over the last twenty years or so the very large numbers on incapacity benefits have hidden the true scale of unemployment¹. That does not mean fraudulent claims were widespread. Rather, the medical threshold for access to incapacity benefits was set at a level that allowed substantial numbers of men and women with health problems or disabilities to claim incapacity benefits instead of unemployment benefits. Also, at various times Jobcentre Plus and its predecessors encouraged claimants to move across to incapacity benefits. The effect was to hide the scale of labour market distress in Britain's weaker local economies.

Until at least the mid-2000s the key players were often happy to collude in the diversion onto incapacity benefits. Governments were happy that it reduced the numbers on unemployment benefits and made their economic policies appear more successful. Companies were happy because it absolved them of the responsibility to employ men and women with health problems or disabilities. And it benefitted claimants because, if they were going to be out of work for long periods, being on incapacity benefits was often the best way to maximise their household income.

¹ See for example C Beatty, S Fothergill, T Gore and R Powell (2007) *The Real Level of Unemployment 2007*, CRESR, Sheffield Hallam University

Welfare reform has shattered this cosy consensus. In effect, the diversion onto incapacity benefits is now being put into reverse. Unemployment that was once 'hidden' will increasingly become 'visible' once more. Financial hardship that was eased by access to incapacity benefits will become more acute as claimants are diverted to means-tested Jobseeker's Allowance, to other means-tested benefits, or denied access to benefits altogether.

These changes will hit some individuals much harder than others, but because incapacity benefit claimants are highly unevenly spread around the country they will also hit some places much more than others.

The reform of incapacity benefits

The key reforms to incapacity benefits are:

- A tougher medical test
- The re-testing of existing claimants
- New requirements to engage in work-related activity
- Time-limiting the entitlement to non-means tested benefit

The **tougher medical test**, known as the Work Capability Assessment, was introduced by Labour and has applied to all new incapacity claimants since October 2008. Prior to October 2008, new claimants were first signed-off by their own GP and then, after six months, had to go through a Personal Capability Assessment run by doctors working for Jobcentre Plus. The pre-2008 claimants received Incapacity Benefit (IB) or, in the case of claimants with a poor National Insurance contributions record, Income Support (IS) on the grounds of incapacity (though the government still counted these as 'IB claimants'). Smaller numbers of pre-2001 claimants with a high level of disability and a poor National Insurance record received Severe Disablement Allowance (SDA) instead.

The Work Capability Assessment takes place three rather than six months into the claim. It uses a points-based system and examines what activities the claimant is capable of undertaking. If the claimant scores sufficiently highly they then qualify for Employment and Support Allowance (ESA), the replacement for Incapacity Benefit. The initial expectation, based on a pilot study, was that around 12 per cent of the claimants who qualified for IB under the old medical test would not qualify for ESA under the Work Capability Assessment². In practice the failure rate has proved much higher.

The effect of the tougher medical test is that the 'gateway' to incapacity benefits – these days Employment and Support Allowance – has narrowed.

The second key reform, **the re-testing of existing claimants**, was also introduced by Labour, though it was not part of the previous government's initial plans for ESA. The intention is that by March 2014 all existing incapacity claimants – that is, all the pre-2008 IB and SDA

² Department for Work and Pensions (2007) *Transformation of the Personal Capability Assessment: technical working groups phase 2 evaluation report*, DWP, London.

claimants – will be called in for the new medical test. They will then be routed onto Employment and Support Allowance or, if they fail to qualify, onto other benefits such as Jobseeker's Allowance or (if they fail to qualify again, for example because of means-testing thresholds) out of the benefits system altogether. The re-testing of existing IB and SDA claimants was piloted in Aberdeen and Burnley in late 2010 and early 2011. From April 2011 re-testing was rolled out nationally, with the number of tests carried out each week ramping up steeply in the spring and summer of 2011.

With the re-testing spread over three years, comparatively few IB or SDA claimants have so far been called in, but the process will eventually draw in all but those who will reach state pension age before March 2014.

The third key reform, the introduction of a **new requirement to engage in work-related activity**, is another Labour measure. All those who qualify for Employment and Support Allowance are allocated to one of two groups – a Support Group, who are deemed to have sufficiently serious health problems or disabilities to receive unconditional support, and a Work-Related Activity Group, for whom ESA comes with strings attached. All claimants in this second group are required to attend work-focussed interviews, initially at monthly intervals, at which they are advised on steps to find suitable work including training, voluntary work or job placement for a few hours a week, or physical or mental rehabilitation. Advisers then draw up an 'action plan' to which claimants are expected to adhere. Failure to engage in the work-related interviews runs the risk of benefit sanctions.

The underpinning assumption is that, for the Work-Related Activity Group, ESA should only be a temporary benefit, pending the claimant's return to work.

The fourth key reform, **the time limiting of entitlement to non-means tested benefit**, is the Coalition Government's addition. Under the present system, Incapacity Benefit itself is not means-tested except for a small number of post-2002 claimants with significant income from a personal or company pension. This means that other sources of household income – a partner's earnings for example – are not docked off a claimant's IB entitlement. Only the IB claimants who receive Income Support (for example because their NI contributions record fails to qualify them for IB itself) currently face means-testing. Likewise, ESA claimants with sufficient NI contributions have so far not faced means-testing.

However, from April 2012 onwards there will be a 12 month limit on the duration of non-means tested ESA for those in the Work-Related Activity Group. After the expiry of the 12 month period these claimants will only be eligible for the means-tested version. This has profound implications for those with other sources of household income or with significant savings. Many will find that they no longer qualify for ESA except on a 'NI credits only' basis that involves no financial payment. Others will find that the value of their benefits is reduced because other household income is docked from their means-tested entitlement. Claimants who are denied access to means-tested ESA will find that the same means-testing rules will also deny them access to Jobseeker's Allowance or indeed Income Support. The vast majority will therefore be pushed out of the benefits system altogether.

Estimating the impact

This report presents estimates of the impact of the incapacity benefit reforms by 2014. This part of the report explains the methods – *the reader who is less interested in the technical detail may wish to skip this section and move directly to the findings.*

Context

In practice, there are influences on claimant numbers two or three years into the future that have nothing to do with the reforms. These include the growth of the national economy, the effectiveness of back-to-work initiatives such the Work Programme, and the impact of changes elsewhere in the benefits system.

To estimate the impact of incapacity benefit reforms, *all other factors need to be held constant.* In holding all other factors constant the figures presented here therefore make no assumptions about the trajectory of economic growth. The anticipated changes only reflect the impact of reforms themselves.

Coalition ministers argue that welfare reform will raise employment by making work financially worthwhile and that the incapacity reforms, in particular, should mean that more people will look for work and find work. The estimates presented here do not start from this assumption. Instead they focus on the diversions within the benefits system that the government itself acknowledges the reforms are set to trigger. The calculations are also rooted as far as possible in the government's own data and forecasts. The final part of the report does however comment on the extent to which increases in employment are likely to be a result of the reforms.

Existing claimants

The starting point in estimating the impact of the reforms is the current stock of claimants. Across Great Britain as a whole in February 2011³, 1,940,000 men and women claimed Incapacity Benefit or Severe Disablement Allowance and a further 630,000 claimed Employment and Support Allowance – a grand total of 2,570,000 incapacity claimants. None of these claimants were in work⁴ and they are a group that is entirely separate from the unemployed on Jobseeker's Allowance (JSA). It is not possible to claim incapacity benefits and unemployment benefits at the same time.

The distribution of incapacity claimants across the country is shown in Figures 1 and 2. These maps show the share of adults of working age (16-64)⁵ claiming incapacity benefits by local authority district⁶. What should be immediately apparent is that the claimant rate varies

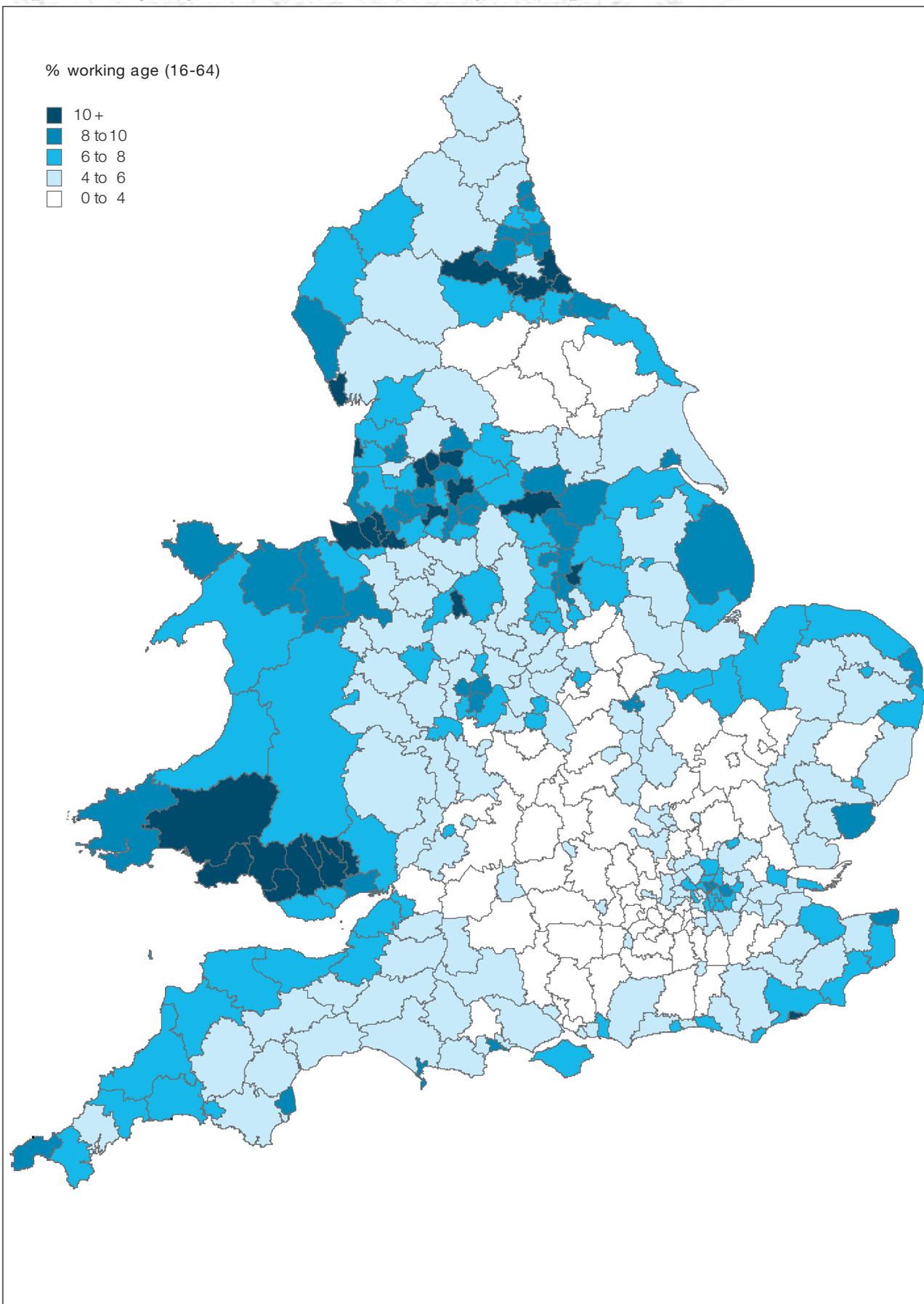
³ The most recent date for which figures are available at the time of writing.

⁴ Excepting a very small number undertaking 'permitted work' under benefit rules, generally as a form of rehabilitation.

⁵ To reflect the rising state pension age for women and current ONS practice, 'working age' is defined here as 16-64. Similar maps for earlier years, in previous publications by the present authors, use 16-59/64.

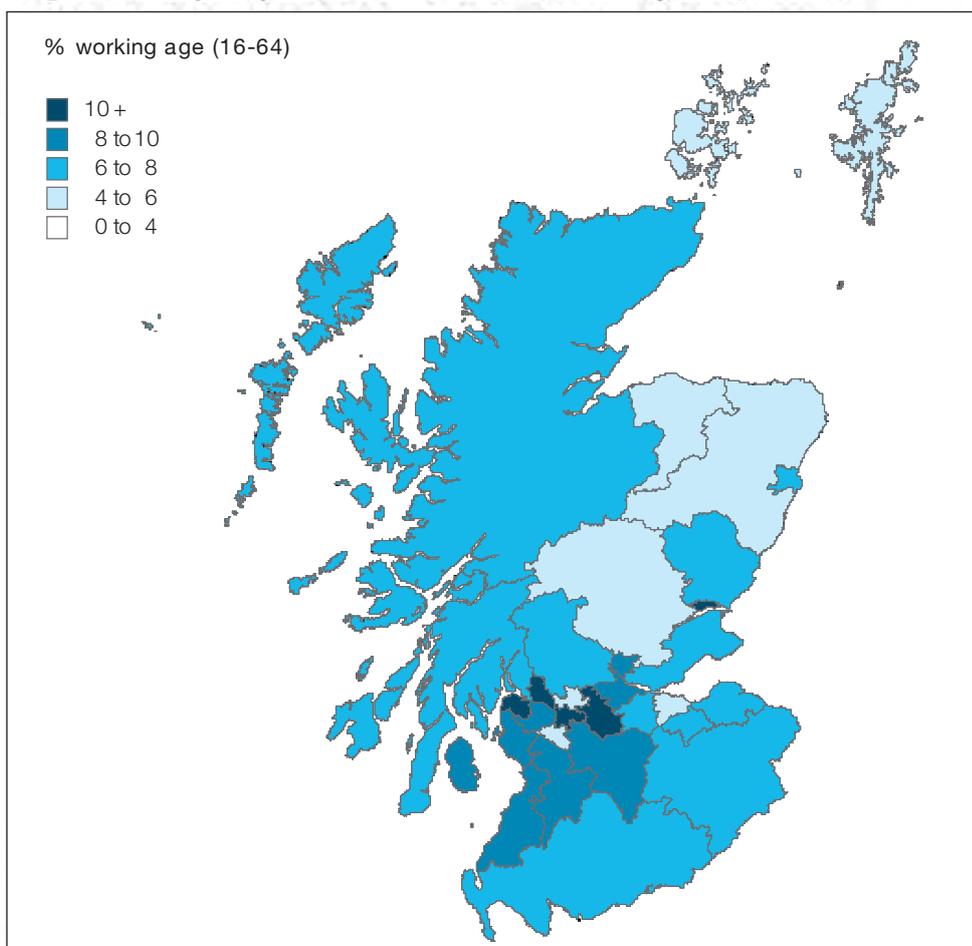
⁶ Pre-2009 districts. The creation of unitary counties in parts of England in 2009 obscures important local differences, notably in Durham and Northumberland.

Figure 1: Incapacity benefit claimant rate, February 2011, England and Wales



Sources: DWP, ONS

Figure 2: Incapacity benefit claimant rate, February 2011, Scotland



Sources: DWP, ONS

enormously across the country. What should also be apparent to anyone familiar with the economic geography of Britain is that the places with the highest claimant rates are the older industrial areas of the North, Scotland and Wales, plus a number of seaside towns and inner urban areas.

To underline this point, Table 1 lists the top 20 and bottom 10 districts in terms of their incapacity claimant rate. The top 20 largely reads like a roll call of older industrial Britain; the bottom 10 are all in the south and east of England outside London. At the extremes, Merthyr Tydfil in South Wales has an incapacity claimant rate of nearly 15 per cent whereas in Hart district in Hampshire the rate is just 2 per cent⁷.

The reduction in new claimants

The first step in measuring the impact of the reforms concerns the impact on new claimants of the Work Capability Assessment, the new medical test that is reducing the flow onto ESA below what would have been the flow onto IB.

⁷ The incapacity claimant rate in the worst districts is actually below the peak levels recorded in earlier studies. This is partly because of the use of a working-age denominator that now includes women aged 60-64, who mostly draw state pension rather than incapacity benefits. Also, between 2003 and 2008 the modest national reduction in IB claimant numbers was concentrated in high claimant areas.

Table 1: Share of adults of working age claiming incapacity benefits, February 2011

TOP 20 DISTRICTS	%
Merthyr Tydfil	14.5
Neath Port Talbot	14.1
Blaenau Gwent	13.9
Easington	13.6
Rhondda Cynon Taf	12.9
Blackpool	12.8
Knowsley	12.5
Glasgow	12.3
Inverclyde	12.2
Caerphilly	12.1
Liverpool	11.9
Bridgend	11.6
Stoke on Trent	11.3
Burnley	11.1
Blackburn with Darwen	11.0
West Dunbartonshire	10.7
Wear Valley	10.6
Barrow-in-Furness	10.6
Barnsley	10.6
Carmarthenshire	10.6
BOTTOM 10 DISTRICTS	
Chiltern	2.9
South Oxfordshire	2.8
Elmbridge	2.8
Runnymede	2.8
South Buckinghamshire	2.7
Rutland	2.7
Surrey Heath	2.6
South Northamptonshire	2.6
Wokingham	2.3
Hart	2.1

Sources: DWP, ONS

In the twelve months to February 2011, IB/SDA claimant numbers fell by 185,000. Some of those leaving IB will have reached state pension age, a few will have died and others returned to work or moved onto other benefits. IB is now closed to new claimants who are instead required to apply for ESA. In the nine months to February 2011⁸, ESA claimant numbers rose by 104,000 – an annualised rate of around 140,000. The difference between the IB/SDA and ESA flows – around 45,000 a year – illustrates how the new medical test is squeezing incapacity numbers by restricting access to new claimants. Prior to the introduction of the new test the off-flows of existing IB claimants would have been roughly balanced by the on-flows of new claimants. Indeed, the headline total of IB and SDA claimants showed only modest change over the decade or so before the introduction of ESA.

⁸ A nine rather than twelve month period is used here because DWP figures indicate that from May 2010 onwards the net increase in ESA numbers settled down to a steady 30-40,000 a quarter after higher figures immediately following its introduction.

DWP figures show that the reduction in IB/SDA numbers is broadly proportional to the size of the stock in each area. That is, areas with a higher IB/SDA claimant rate have a higher off-flow. The projections to 2014, presented here, therefore use this assumption. Likewise, the projections assume that the increase in ESA numbers arising from new claims is proportional to the existing stock of ESA claimants in each area⁹.

The figures presented in this report use DWP's own estimates¹⁰ that:

- 50 per cent of the claimants who fail to qualify for Employment and Support Allowance will go on to claim Jobseeker's Allowance instead
- 20 per cent will move onto another benefit (for example Income Support or Carers Allowance)
- 30 per cent will move off benefit

Half the reduction in the on-flow to incapacity benefits in each area might therefore be expected to feed through to JSA numbers.

The re-assessment of existing claimants

The best evidence on the likely impact of re-testing existing IB/SDA claimants comes from the pilots in Aberdeen and Burnley. These are two contrasting labour markets – Aberdeen is relatively prosperous whereas Burnley is one of Britain's weaker local economies – so together they probably offer a useful guide to what will happen across Britain as a whole.

DWP's initial assessment of re-testing in Aberdeen and Burnley¹¹ shows that:

- 30 per cent were placed in the Support Group
- 40 per cent were placed in the Work-Related Activity Group
- 30 per cent were found fit for work (in other words, were denied access to ESA)

The estimates presented here apply these proportions to Great Britain as a whole¹².

However, there are good reasons to suppose that the local geography will vary. In particular, in so far as the stock of IB/SDA claimants in some places includes a higher proportion of 'hidden unemployed' – those who would have been in work in a fully employed economy – it is reasonable to expect that re-testing will deny ESA to a higher proportion of claimants in some

⁹ A secondary assumption, affecting just four districts, is that the net on-flow to ESA does not exceed the net off-flow from IB/SDA (ie. that the introduction of ESA does not lead to additional claimants in any area). Small adjustments have also been included to compensate for the early introduction of migration from IB/SDA to ESA in the Aberdeen and Burnley areas.

¹⁰ Department for Work and Pensions (2011) *Employment and Support Allowance: Impact Assessment*, DWP, London.

¹¹ Department for Work and Pensions (2011) *Press release*, 10 February.

¹² The final figures for Aberdeen and Burnley will reflect the impact of appeals, which can be expected to *reduce* the proportion denied ESA. Conversely, modifications to the Work Capability Assessment introduced in April 2011 in the wake of the Harrington Report are expected to *increase* the proportion denied ESA. Data relating to existing claimants undergoing re-testing is not available but broadly these factors might be expected to cancel out.

places than others. The estimates presented here therefore allocate the 30 per cent denied access to ESA in the following way:

- One-third in proportion to the stock of IB/SDA claimants in each district. This assumes that the tougher medical test impacts on some claimants in all areas.
- Two-thirds in proportion to the Sheffield Hallam estimates of hidden unemployment among IB/SDA claimants in each district¹³

DWP's own assessment¹⁴, incorporated into the estimates presented here, is that of those found fit for work:

- 50 per cent will move onto Jobseeker's Allowance
- 20 per cent will move onto another benefit
- 30 per cent will move off benefit

The time-limiting of non-means tested benefit

The time-limiting of non-means tested benefit affects claimants in the Work-Related Activity Group of ESA.

The size of the Work-Related Activity Group in each area is determined not only by the initial stock but also by the on-flow of new ESA claimants¹⁵ and the diversion of IB/SDA claimants onto ESA following re-testing. As noted earlier, some 40 per cent of re-tested IB/ESA claimants are placed in this group.

DWP's own impact assessment¹⁶, based on detailed modelling of household income, is that when entitlement to non-means tested benefit comes to an end after 12 months, 40 per cent of claimants in the Work-Related Activity Group will fail qualify for means-tested ESA. The estimates presented here incorporate this assumption¹⁷.

However, a distinctive geography can again be expected. In London the proportion in the Work-Related Activity Group who receive only contributions-based (ie. non-means tested) ESA is lower than elsewhere¹⁸. This suggests that fewer claimants in London will lose their entitlement to ESA after 12 months. The estimates presented here therefore assume that:

¹³ C Beatty, S Fothergill, T Gore and R Powell (2007) op.cit. The Sheffield Hallam estimates use the low claimant rate in the most prosperous parts of the country as a guide to what is achievable under full employment and also take account of underlying differences in the extent of ill health and disability.

¹⁴ Department for Work and Pensions (2011) op.cit.

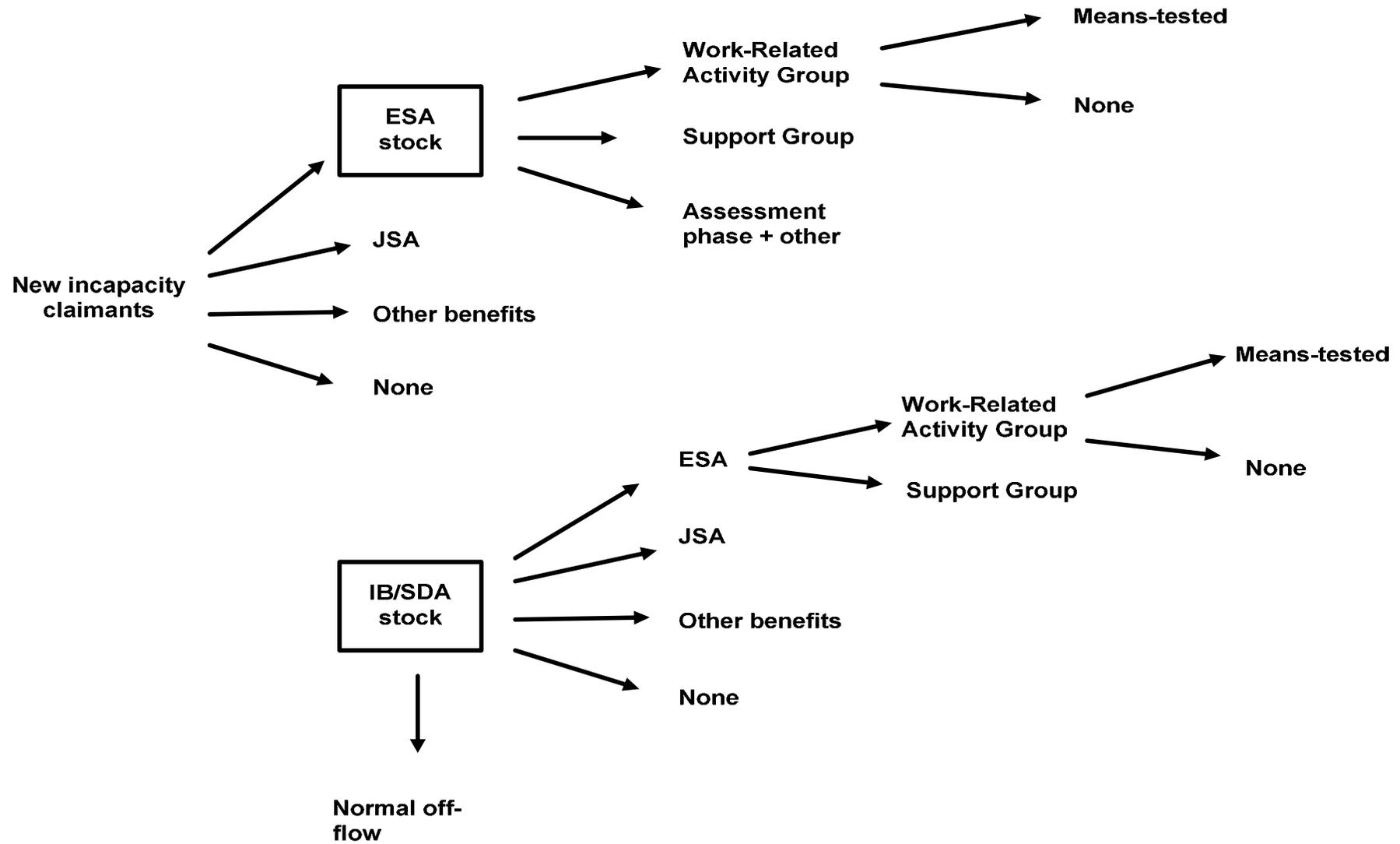
¹⁵ The estimates presented here allocate the on-flow of new claimants between the Work-Related Activity Group and the Support Group in the ratio of 74:26, in line with DWP statistics on experience with ESA to date. The absolute numbers in the 'Assessment' and 'Other' categories of ESA are held constant.

¹⁶ Department for Work and Pensions (2011) *Time limit contributory Employment and Support Allowance to one year for those in the Work-Related Activity Group: Impact Assessment*, DWP, London.

¹⁷ The figures relate to the final outcome of time-limiting entitlement. In practice a small number of IB/SDA claimants who are not moved across to ESA until early 2014 will not lose their entitlement to non-means tested benefit until early 2015.

¹⁸ 28 per cent in London, compared to 41-47 per cent in other regions, in February 2011.

Figure 3: Trajectory of incapacity benefit claimants



- 30 per cent of ESA claimants in the Work-Related Activity Group in London will lose their entitlement because of time-limiting
- In the rest of Britain, where there is no systematic regional pattern, 42 per cent will lose their entitlement¹⁹.

To assist in understanding the calculations necessary to measure the impact of the reforms, Figure 3 presents a flow diagram showing the trajectory of incapacity claimants through the system.

How accurate?

The local, regional and national figures presented in this report are all *estimates* and as such are subject to a margin of error. In addition, it is worth emphasising that in projecting forward to 2014 all else has been held constant and, in particular, there has been no attempt to forecast the trajectory of the national economy. On the other hand it is worth underlining three points:

- The estimates take full account of each of the three main changes affecting incapacity benefit numbers
- The likely geographical variation in the impact has been fully incorporated at each stage
- The DWP's own data and assumptions underpin the majority of the calculations

The impact on national totals

Table 2 shows the estimated impact of the incapacity benefit reforms on national totals. The figures cover the period from 2011 to 2014, by which time the migration of claimants from IB/SDA to ESA is expected to be complete.

The first and most striking statistic is that the reforms look set to reduce the headline total of incapacity claimants by just less than one million – 970,000 is the actual estimate. Of these, 830,000 are existing claimants who will lose their entitlement, either at the point of re-assessment or as a result of the introduction of means-testing. Another way of looking at the same figures is that around a third of the existing stock of incapacity claimants will lose entitlement to incapacity benefits.

By any standards this is a huge reduction over a very short space of time. In 2006 the previous Labour Government set a target of a one million reduction in incapacity benefit numbers by 2016 – a ten-year period. The Coalition Government now looks set to achieve the same objective in a third of the time. A reduction of one million in incapacity numbers is equivalent in scale to cutting the number of unemployed on Jobseeker's Allowance (c. 1.5m) by two-thirds in just three years.

¹⁹ Together with London, this gives a 40 per cent rate across Britain as a whole.

Table 2: Estimated national (GB) impact of incapacity benefit reforms, 2011-2014

REDUCTION IN INCAPACITY CLAIMANTS

Reduction in new claimants	140,000
IB/SDA claimants denied ESA	410,000
Due to time-limiting of non-means tested ESA	420,000
Total reduction	970,000

REMOVED FROM BENEFITS ENTIRELY

New claimants denied	40,000
IB/SDA claimants denied at re-assessment	120,000
Denied due to time-limiting	420,000
Total removed	580,000

INCREASE IN JOBSEEKER'S ALLOWANCE

New claimants diverted to JSA	70,000
IB/SDA claimants diverted to JSA	210,000
Total increase	280,000

ADDITIONAL COMPULSORY LABOUR MARKET ENGAGEMENT

Increase in JSA	280,000
Work-Related Activity Group (2014)	630,000
Total engagement	910,000

Source: Sheffield Hallam estimates based on DWP

The second part of Table 2 shows that nearly 600,000 claimants will be removed entirely from the benefits system. All but around 40,000 (who are new claimants denied access to ESA) will be existing incapacity claimants who will lose their entitlement. Or to put this another way, more than a fifth of the existing stock of incapacity claimants will not only be denied access to incapacity benefits but be pushed right off benefits altogether.

Some of this will occur at the point existing IB/SDA claimants are re-assessed for ESA but the main impact, accounting for an estimated 420,000, will arise from the time-limiting of entitlement to non-means tested benefit²⁰. Removing 600,000 incapacity claimants from the benefits system is equivalent in scale to withdrawing benefit from all the 600,000 lone parents who currently receive Income Support.

²⁰ DWP's own estimate (in their *Impact Assessment* of time-limiting non-means tested entitlement) is that 400,000 people will lose contributory ESA by 2013/14, and 550,000 by 2014/15.

The third part of the table shows that the numbers on Jobseeker's Allowance can be expected to increase by some 280,000 as claimants are diverted from incapacity benefits. The majority of the increase will occur as existing IB/SDA claimants are called in for re-assessment. As noted earlier, DWP anticipates that half of those who are found fit for work (and thereby denied ESA) will then claim JSA instead.

The final part of the table deals with the increase in compulsory labour market engagement. Hitherto, the vast majority of incapacity claimants have not looked for work, in part because the benefits system has not required them to do so but also because they take a dim view of their chances of finding work²¹. This is set to change. Those who find themselves diverted to Jobseeker's Allowance will be required to look for work as a condition of benefit receipt, but in addition the ESA claimants placed in the Work-Related Activity Group will be required to engage in activity to prepare for work. These two groups add up to 900,000 – a huge increase in compulsory labour market engagement without adding in any of those who are denied access to benefit and subsequently look for work.

The incapacity benefit reforms are therefore set to increase recorded unemployment. An increase in JSA numbers of 280,000 arising from the reforms represents nearly a 20 per cent increase on JSA levels in 2011. Not all of the ESA claimants in the Work-Related Activity Group can be expected to meet the unemployment criteria in the Labour Force Survey – 'looking for work' and 'available to start work' – but if half were to do so then along with the extra JSA claimants this would raise unemployment on the Labour Force Survey measure by around 600,000 (from a 2011 level of 2.5m).

These increases in compulsory labour market engagement and recorded unemployment arising from incapacity benefit reform will occur at the same time as reforms to Income Support for lone parents will also be adding to the numbers, irrespective of the trajectory of the wider national economy.

The impact by region

Table 3 shows the estimated impact by region. In this table the GB regions are ranked by the anticipated reduction in incapacity claimant numbers expressed as a share of the working age population.

The table shows that Wales²², the North West, the North East and Scotland (in that order) are the regions where the incapacity benefit reforms will have the greatest impact. For example the anticipated reduction in Wales, as a share of the working age population, is more than two-and-a-half times greater than in the South East of England.

²¹ See for example the survey work reported in C Beatty, S Fothergill, D Houston and P Sissons (2009) *Women on Incapacity Benefits*, CRESR, Sheffield Hallam University. This report also includes extensive data on male IB claimants.

²² The figures for Wales are greater than those presented in C Beatty and S Fothergill (2011) *Tackling Worklessness in Wales* because they include the impact on new claimants as well as existing claimants.

Table 3: Estimated regional impact of incapacity benefit reforms, 2011-2014

	Reduction in incapacity claimants		Removed from benefits entirely		Increase in JSA claims		Additional compulsory labour market engagement	
	no	as % working age	no	as % working age	no	as % working age	no	as % working age
Wales	75,000	3.9	45,000	2.3	23,000	1.2	65,000	3.4
North West	160,000	3.6	90,000	2.0	49,000	1.1	135,000	3.0
North East	60,000	3.5	35,000	2.0	19,000	1.1	50,000	3.0
Scotland	115,000	3.4	65,000	1.9	36,000	1.1	100,000	2.9
West Midlands	90,000	2.6	55,000	1.6	26,000	0.7	80,000	2.3
Yorkshire & the Humber	90,000	2.5	55,000	1.6	25,000	0.7	80,000	2.3
East Midlands	70,000	2.4	40,000	1.4	20,000	0.7	60,000	2.1
South West	70,000	2.1	45,000	1.4	18,000	0.6	65,000	2.0
London	100,000	1.8	55,000	1.1	29,000	0.5	120,000	2.3
East of England	65,000	1.7	40,000	1.1	15,000	0.4	60,000	1.7
South East	80,000	1.5	55,000	1.0	16,000	0.3	80,000	1.5
GB	970,000	2.5	580,000	1.5	280,000	0.7	910,000	2.3

Source: Sheffield Hallam estimates based on DWP

There are three reasons why incapacity benefit reform will impact much more on some parts of the country than others:

- First and most importantly, some places simply have a great many more incapacity claimants. It should come as no surprise therefore that the North, Scotland and Wales will feel the impact most acutely.
- Second, in so far as incapacity benefits have hidden unemployment in parts of the North, Scotland and Wales to a greater extent than elsewhere, it is reasonable to expect that the new tougher medical test will deny ESA to a higher proportion of claimants in these areas. In the more prosperous parts of the South, where job opportunities are less often a problem, only those with formidable physical or mental obstacles to working have needed to claim incapacity benefits, and many of these men and women might be expected to qualify for ESA.
- Third, the share of incapacity claimants receiving only non-means tested benefit is lower in London than elsewhere, so the time-limiting of non-means tested entitlement will impact less in London than elsewhere.

The impact by district

Figures 4 and 5 show the estimated reduction in incapacity numbers by district, expressed as a share of the working age population.

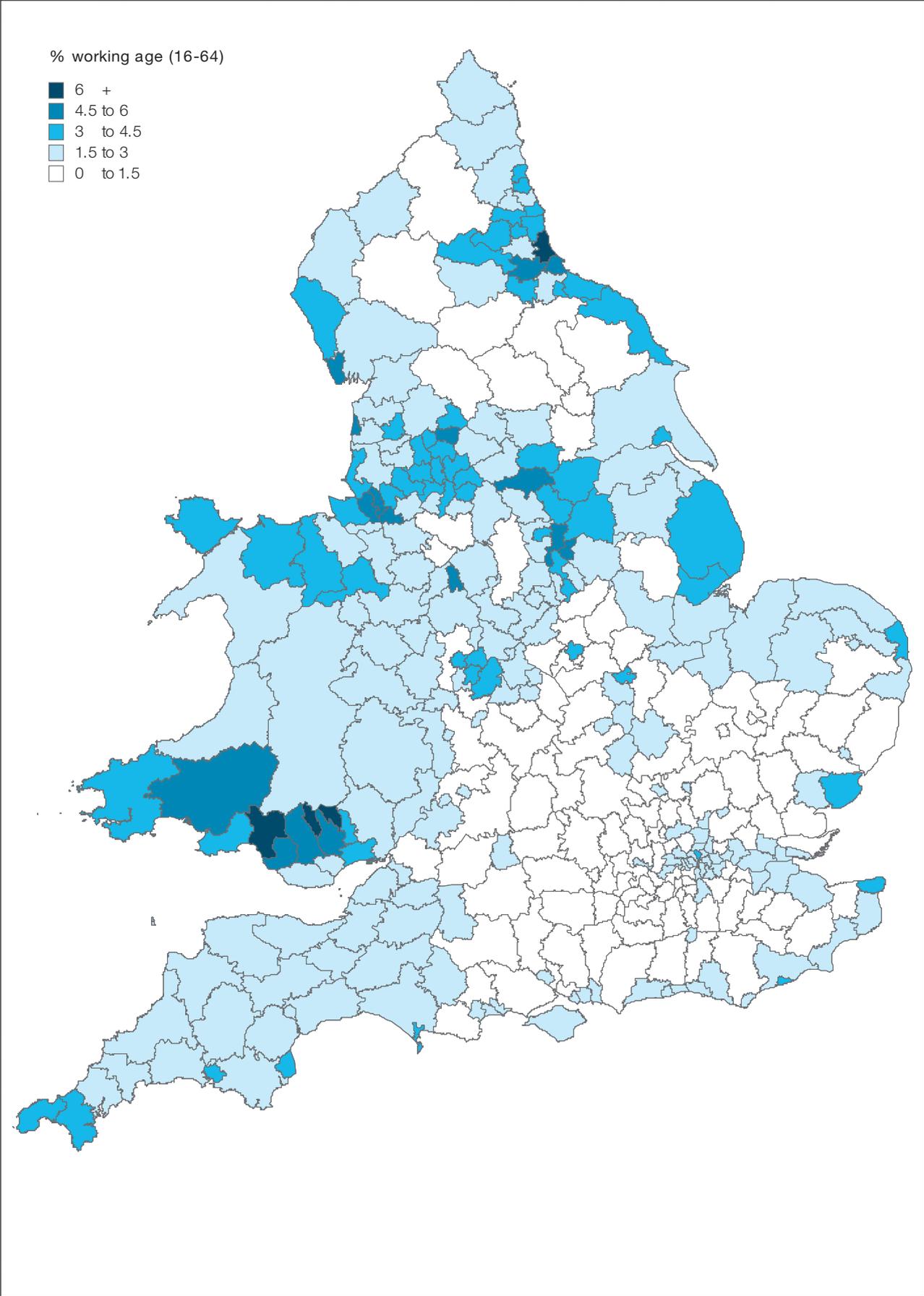
These maps underline the point that the reforms will impact very unevenly across Britain. It is the older industrial areas of the North, Scotland and Wales that shine through as most acutely affected. By contrast, in large parts of southern England the incapacity benefit reforms look set to have little more than a marginal impact.

To underline this point, Table 4 shows the top 20 and bottom 10 districts ranked according to the anticipated reduction in incapacity numbers. The list of the top 20 is dominated by the older industrial areas of the North, Scotland and Wales. The Welsh Valleys are heavily represented but major cities such as Glasgow and Liverpool also figure on the list. By contrast, all the bottom 10 are districts in the South. Only a single London borough (Islington) and only two districts in the South East (Hastings and Thanet) come within the top 100 in terms of the anticipated impact of the reforms.

In Merthyr Tydfil it is estimated that the reduction in incapacity claimant numbers will be equivalent to 7 per cent of the entire working age population. Merthyr is a relatively small place so the numbers are small – just 2,500 – but in Glasgow, where a 5 per cent reduction is anticipated, incapacity numbers look set to be cut by more than 22,000, of whom more than 12,000 will be denied benefit entirely.

In the top 20 districts affected by the incapacity benefit reforms, the estimated reduction in the number of claimants is between 40 and 50 per cent. Most of these – accounting for around 85 per cent of the reduction – will be existing claimants who will lose their entitlement to

Figure 4: Estimated reduction in incapacity claimants, 2011-2014, England and Wales



Source: Sheffield Hallam estimates based on DWP

Table 4: Estimated impact of incapacity benefit reforms by district, 2011-2014

	Reduction in incapacity claimants		of which:
	as % of working age	no	Removed from benefits entirely
TOP 20 DISTRICTS			
Merthyr Tydfil	7.0	2,500	1,300
Easington	6.9	4,200	2,000
Blaenau Gwent	6.5	2,800	1,500
Neath Port Talbot	6.3	5,500	2,900
Knowsley	5.7	5,500	2,900
Caerphilly	5.7	6,300	3,200
Rhondda Cynon Taf	5.5	8,300	4,600
Glasgow	5.4	22,500	12,200
Inverclyde	5.2	2,700	1,500
Liverpool	5.2	16,100	8,800
Barrow-in-Furness	5.2	2,300	1,200
Blackpool	5.1	4,400	2,600
Hartlepool	5.0	2,900	1,500
Burnley	5.0	2,700	1,400
Stoke on Trent	5.0	7,700	4,200
Barnsley	4.8	7,100	3,700
Mansfield	4.8	3,100	1,600
West Dunbartonshire	4.7	2,800	1,500
Carmarthenshire	4.7	5,200	2,800
Halton	4.7	3,700	2,000
BOTTOM 10 DISTRICTS			
Uttlesford	0.8	400	300
South Northamptonshire	0.7	400	300
Richmond-upon-Thames	0.7	900	700
Runnymede	0.7	400	400
Elmbridge	0.7	600	500
South Buckinghamshire	0.7	300	300
Kingston-upon-Thames	0.7	800	600
Surrey Heath	0.7	400	300
Wokingham	0.6	700	500
Hart	0.6	300	300

Source: Sheffield Hallam estimates based on DWP

Jobs to the rescue?

Let us now consider Coalition ministers' argument: that the reduction in incapacity claimant numbers is actually a good thing – quite apart from the money it saves the Treasury – because married to the assistance provided by the Work Programme it will lead to more people in employment. Ministers also argue that the incapacity reforms are best understood alongside the planned introduction of Universal Credit, which will eventually replace the means-tested element of Employment and Support Allowance and is intended to ensure that in all circumstances claimants are financially better off in work.

Coalition ministers (and their Labour predecessors) are correct to flag up the extent to which men and women have hitherto been ‘parked’ on incapacity benefits. Few expectations have previously been placed on IB claimants and in practice, whatever their initial aspirations or residual thoughts on working again, most long-term claimants gave up the idea of ever working again. Even fewer actually looked for work. If men and women don’t look for work they are most unlikely to find work, and it was one of the tragedies of the long economic boom to 2008 that so few incapacity claimants took advantage of the opportunities to return to work.

But *looking* for work and actually *finding* work are two different things. Also, if a former benefit claimant finds work that does not necessarily mean that the overall level of employment is any higher or that the numbers on benefits any lower. One jobseeker can displace another in the competition to find work.

One of the ways in which extra labour supply can lead to extra employment is by addressing a shortage of labour. At various times, in various places and in particular sectors and occupations, labour shortages do unquestionably arise, but it is hard to characterise the UK in the wake of the 2008-9 recession as an economy that is constrained by a shortfall in labour supply.

The other way in which extra labour supply can lead to extra employment is if demand and supply are brought into balance through wage adjustments – if extra labour supply forces down wages so that businesses are more competitive and employers take on more workers. Taking the very long view, market economies such as the UK do work in this way. The weakening of trade unions’ power over wages has probably accelerated the speed of wage adjustments, though the national minimum wage sets a lower limit on how far the process can go. However, the process of wage adjustment operates effectively only over the *very long run* – a timescale of decades rather than years.

The point here is that exceptionally large numbers of incapacity claimants are set to be pushed back into the labour market over a very short space of time – by 2014. There seems little hope that normal labour market adjustments will be able to absorb such a large influx of potential new workers over such a short period. Moreover, the additional labour supply arising from incapacity benefit reform is occurring not only in the wake of a recession but also at a time when the increase in the state pension age and reforms to benefits for lone parents will also add to labour supply.

Two further factors work against the expansion of employment in response to the reduction in incapacity benefit numbers. The first is the characteristics of the claimants themselves. All too often employers prefer healthy, young, well-qualified and well-motivated workers with recent work experience. Incapacity claimants tend to fail on just about all these counts²³. Even if they are deemed ‘fit for work’ under the new medical test, former IB claimants will normally still be affected by health problems or disabilities that limit the work they are able to undertake. They tend to be an older group, often over 50, who previously worked mainly in low-grade manual jobs, and a high proportion have no formal qualifications at all. They have often been out-of-work for many years and their motivation has often been sapped. They are extremely unlikely to be employers’ first choice.

²³ See C Beatty, S Fothergill, D Houston and P Sissons (2009) op.cit.

The other factor that works against an expansion of employment is the location of so many of the incapacity claimants who will be thrust onto the labour market. As the evidence presented here shows, they are disproportionately concentrated in Britain's weakest local economies. Indeed, it is the very weakest local economies of all – places such as the Welsh Valleys – that have the very highest incapacity claimant rates and can expect the very largest numbers to be thrown off benefit. In these places, former incapacity claimants face little chance of finding work.

Of course, there will be some success stories and these will no doubt be trumpeted. Some former incapacity claimants will find work, even perhaps in the Welsh Valleys. All the individuals who have their benefits withdrawn will not remain permanently outside the labour market. But to focus on individual success stories would be to miss the point, In a difficult labour market there are not enough jobs for everyone, and if one person finds a job it is most likely to be at the expense of someone else.

Is there an alternative?

If there is to be a long-term solution to the large numbers on incapacity benefits, without simply diverting people from one part of the benefits system to another or denying them benefits altogether, three things are really necessary:

- *A sustained national economic revival.* New jobs need to be generated in large numbers. This requires an improvement in the trading performance of the UK economy, so that spending is rooted in incomes rather than public or private borrowing. It requires a shift from consumption to exports, and a new emphasis on manufacturing in particular.
- *Renewed priority for regional and local economic development.* Economic growth and jobs need to be nurtured most in the places where incapacity claimants are concentrated, above all in Britain's older industrial areas. Economic development does work, and in the years leading up to the 2008 recession it did help bring benefit numbers down, even in some of the most disadvantaged communities.
- *Support for incapacity claimants to return to work.* Jobs need to be available but that still leaves problems of poor skills, low motivation and demoralisation to be addressed. The health problems and disabilities that so many see as an obstacle to working also need to be tackled. There is a growing body of experience and good practice on which to draw, but it needs to become central to policy interventions.

Action is needed on all three of these fronts. But even if action were forthcoming and highly successful it would still take the labour market many years to absorb the enormous accumulated stock of incapacity claimants.

In the short-run, the way forward is to go easy on the pace of benefit reform.

The Labour Government's original IB reforms, announced in 2006, seemed to recognise that there were limits to how fast the incapacity numbers might be brought down without causing unnecessary hardship. These reforms set in motion the introduction of Employment and Support Allowance, the new medical test and the new requirement for all but the most severely ill or disabled ESA claimants to engage in work-related activity. Crucially, at this stage ESA applied only to *new* claimants. Since most new claimants have recent work experience and many express a desire to return to work, it seemed reasonable to target back-to-work efforts at this group.

The effect of the 2006 reforms would have been to gradually reduce the stock of IB claimants and replace them with a smaller number of ESA claimants who in most cases had always had to engage in work-related activity. No new requirements were being placed on the existing IB claimants. In this respect these reforms followed the model used in 1995, when Incapacity Benefit replaced Invalidity Benefit and existing claimants were allowed to retain their previous terms and conditions.

In important respects the Labour Government's second round of reform, announced in 2008, was already a step too far. The extension of compulsory work-focussed interviews was perhaps a reasonable move, providing the opportunity to draw attention to the assistance available to return to work. However, the re-testing of existing IB claimants and the requirement (for those transferred into the ESA Work-Related Activity Group) to draw up plans to move closer to employment, were always going to be contentious.

The problem is that existing IB claimants, a high proportion of whom have been on incapacity benefits for many years, often stand little realistic chance of finding work. Their long period on benefits frequently disqualifies them in the eyes of employers, let alone their often advancing years, poor qualifications, low-grade work experience and poor health. That so many IB claimants live in the weakest local economies up and down the country adds a still further twist. Labour's second round of reforms was always set to trigger much distress for very little reward.

The Coalition's time-limiting of entitlement to non-means tested benefit will merely crank up the levels of distress. Not only will claimants have to jump through new medical hoops and prepare themselves for jobs they are most unlikely to find, but large numbers will also discover, from 2012 onwards, that their benefit is cut or withdrawn altogether. The only winner is the Treasury.

In terms of the numbers affected and the scale and severity of the impact, the reforms to incapacity benefits that are now underway are probably the most far-reaching changes to the benefits system for at least a generation. They will impoverish vast numbers of households, and cause untold distress in countless more. The incapacity benefit numbers need to be brought down, but this is not the way.

APPENDIX

Estimated impact of incapacity benefit reforms by district, county and region, 2011-2014

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
	no	as % of working age	Reduction in incapacity claimants	Removed from benefits entirely	Increase in JSA claims	Additional compulsory labour market engagement
GREAT BRITAIN	2,568,640	6.6	970,000	580,000	280,000	910,000
NORTH EAST	142,990	8.4	60,000	35,000	19,000	50,000
Darlington	4,810	7.6	1,900	1,100	600	1,700
Hartlepool	6,120	10.5	2,900	1,500	1,000	2,300
Middlesbrough	8,870	9.5	4,000	2,100	1,400	3,200
Redcar and Cleveland	7,420	8.6	3,400	1,800	1,100	2,700
Stockton-on-Tees	8,860	7.1	3,600	2,100	1,000	3,100
County Durham	31,270	9.4	13,600	7,500	4,400	11,100
<i>Chester-le-Street</i>	<i>2,630</i>	<i>7.7</i>	<i>1,100</i>	<i>600</i>	<i>300</i>	<i>900</i>
<i>Derwentside</i>	<i>5,430</i>	<i>9.5</i>	<i>2,100</i>	<i>1,300</i>	<i>600</i>	<i>1,900</i>
<i>Durham</i>	<i>3,900</i>	<i>5.6</i>	<i>1,500</i>	<i>900</i>	<i>400</i>	<i>1,300</i>
<i>Easington</i>	<i>8,320</i>	<i>13.6</i>	<i>4,200</i>	<i>2,000</i>	<i>1,500</i>	<i>3,100</i>
<i>Sedgefield</i>	<i>5,790</i>	<i>10.5</i>	<i>2,600</i>	<i>1,400</i>	<i>800</i>	<i>2,100</i>
<i>Teesdale</i>	<i>950</i>	<i>6.2</i>	<i>400</i>	<i>200</i>	<i>100</i>	<i>300</i>
<i>Wear Valley</i>	<i>4,270</i>	<i>10.6</i>	<i>1,800</i>	<i>1,000</i>	<i>500</i>	<i>1,500</i>
Northumberland	12,080	6.1	5,100	2,900	1,500	4,300
<i>Alnwick</i>	<i>940</i>	<i>4.7</i>	<i>300</i>	<i>200</i>	<i>100</i>	<i>300</i>
<i>Berwick-upon-Tweed</i>	<i>920</i>	<i>5.8</i>	<i>400</i>	<i>200</i>	<i>100</i>	<i>300</i>
<i>Blyth Valley</i>	<i>4,230</i>	<i>8.0</i>	<i>1,900</i>	<i>1,000</i>	<i>600</i>	<i>1,500</i>
<i>Castle Morpeth</i>	<i>1,680</i>	<i>5.4</i>	<i>700</i>	<i>400</i>	<i>200</i>	<i>600</i>
<i>Tynedale</i>	<i>1,660</i>	<i>4.5</i>	<i>500</i>	<i>400</i>	<i>100</i>	<i>600</i>
<i>Wansbeck</i>	<i>3,600</i>	<i>9.1</i>	<i>1,600</i>	<i>900</i>	<i>500</i>	<i>1,300</i>
Tyne and Wear (Met County)	62,620	8.4	25,200	14,700	7,500	21,900
Gateshead	11,170	9.0	4,700	2,600	1,400	4,000
Newcastle upon Tyne	15,140	7.4	5,700	3,500	1,600	5,200
North Tyneside	9,370	7.3	3,600	2,200	1,000	3,200
South Tyneside	8,950	9.0	3,600	2,100	1,100	3,100
Sunderland	17,990	9.6	7,600	4,300	2,400	6,400
NORTH WEST	384,660	8.6	160,000	90,000	49,000	135,000
Blackburn with Darwen	9,660	11.0	3,900	2,200	1,200	3,300
Blackpool	11,160	12.8	4,400	2,600	1,300	3,900
Halton	8,170	10.5	3,700	2,000	1,200	3,000
Warrington	7,980	6.2	3,000	1,900	800	2,700
Cheshire East	11,030	4.8	3,600	2,500	800	3,700
<i>Congleton</i>	<i>2,650</i>	<i>4.6</i>	<i>800</i>	<i>600</i>	<i>100</i>	<i>900</i>
<i>Crewe and Nantwich</i>	<i>4,030</i>	<i>5.3</i>	<i>1,400</i>	<i>900</i>	<i>400</i>	<i>1,400</i>
<i>Macclesfield</i>	<i>4,360</i>	<i>4.6</i>	<i>1,400</i>	<i>1,000</i>	<i>300</i>	<i>1,400</i>
Cheshire West and Chester	12,850	6.2	4,900	3,000	1,300	4,400
<i>Chester</i>	<i>4,530</i>	<i>5.9</i>	<i>1,700</i>	<i>1,100</i>	<i>500</i>	<i>1,600</i>
<i>Ellesmere Port and Neston</i>	<i>3,610</i>	<i>7.1</i>	<i>1,500</i>	<i>900</i>	<i>400</i>	<i>1,300</i>
<i>Vale Royal</i>	<i>4,710</i>	<i>5.8</i>	<i>1,700</i>	<i>1,100</i>	<i>400</i>	<i>1,600</i>
Cumbria	21,820	7.1	8,800	5,100	2,600	7,700
Allerdale	4,200	7.2	1,700	1,000	500	1,500
Barrow-in-Furness	4,730	10.6	2,300	1,200	800	1,800
Carlisle	4,900	7.3	1,700	1,100	400	1,700
Copeland	3,810	8.6	1,700	900	600	1,400
Eden	1,420	4.5	400	300	100	500
South Lakeland	2,760	4.4	1,000	600	200	900

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
	no	as % of working age	Reduction in	Removed from	Increase	Additional
			incapacity claimants	benefits entirely	in JSA claims	compulsory labour market engagement
Greater Manchester (Met County)	152,210	8.8	63,400	36,000	19,600	53,900
Bolton	15,580	9.2	6,500	3,700	2,000	5,500
Bury	9,310	7.9	3,700	2,200	1,100	3,300
Manchester	33,560	9.3	13,900	7,900	4,300	11,900
Oldham	12,180	8.8	5,300	2,900	1,700	4,400
Rochdale	13,650	10.4	5,900	3,200	1,900	4,900
Salford	15,430	10.0	6,500	3,700	2,000	5,500
Stockport	11,460	6.3	4,300	2,700	1,200	3,900
Tameside	13,620	9.7	5,700	3,200	1,800	4,800
Trafford	8,730	6.3	3,400	2,000	1,000	3,000
Wigan	18,690	9.4	8,200	4,500	2,600	6,700
Lancashire	55,300	7.4	22,200	13,000	6,600	19,300
Burnley	5,970	11.1	2,700	1,400	900	2,100
Chorley	4,310	6.3	1,600	1,000	400	1,500
Fylde	2,900	6.3	1,100	700	300	1,000
Hyndburn	5,200	10.2	2,300	1,200	800	1,800
Lancaster	6,150	6.7	2,400	1,400	700	2,100
Pendle	5,080	9.0	2,200	1,200	700	1,800
Preston	7,300	8.1	2,800	1,700	800	2,500
Ribble Valley	1,600	4.4	600	400	200	600
Rossendale	3,540	8.1	1,400	800	400	1,200
South Ribble	3,810	5.5	1,500	900	400	1,300
West Lancashire	4,740	6.8	1,800	1,100	500	1,600
Wyre	4,700	7.0	1,700	1,100	400	1,600
Merseyside (Met County)	94,490	10.8	41,200	22,600	13,300	33,900
Knowsley	12,060	12.5	5,500	2,900	1,900	4,400
Liverpool	36,670	11.9	16,100	8,800	5,200	13,200
Sefton	15,020	8.9	6,600	3,600	2,100	5,400
St. Helens	11,380	10.0	5,100	2,700	1,700	4,100
Wirral	19,360	10.1	7,900	4,600	2,400	6,800
YORKSHIRE AND THE HUMBER	230,400	6.7	90,000	55,000	25,000	80,000
East Riding of Yorkshire	10,080	4.8	3,500	2,300	900	3,400
Kingston upon Hull	14,680	8.1	5,800	3,400	1,700	5,100
North East Lincolnshire	7,270	7.3	2,800	1,700	800	2,500
North Lincolnshire	6,350	6.3	2,500	1,500	700	2,200
York	5,190	3.8	1,600	1,200	300	1,700
North Yorkshire	16,390	4.4	5,600	3,800	1,300	5,500
Craven	1,370	4.1	400	300	100	500
Hambleton	1,970	3.7	600	400	100	600
Harrogate	3,580	3.6	1,100	800	200	1,200
Richmondshire	1,040	3.0	300	200	50	300
Ryedale	1,210	3.7	400	300	100	400
Scarborough	5,010	7.6	2,100	1,200	600	1,800
Selby	2,210	4.1	700	500	200	700
South Yorkshire (Met County)	70,600	8.1	29,000	16,700	8,800	24,900
Barnsley	15,540	10.6	7,100	3,700	2,400	5,700
Doncaster	16,490	8.9	6,700	3,900	2,000	5,800
Rotherham	13,990	8.6	5,800	3,300	1,800	5,000
Sheffield	24,580	6.5	9,400	5,700	2,600	8,500
West Yorkshire (Met County)	99,840	6.7	37,400	23,200	10,100	34,300
Bradford	24,270	7.4	9,500	5,700	2,700	8,500
Calderdale	8,660	6.7	3,300	2,000	900	3,000
Kirklees	17,520	6.6	6,600	4,100	1,800	6,000
Leeds	30,840	5.6	10,400	7,000	2,400	10,300
Wakefield	18,550	8.8	7,700	4,400	2,300	6,600

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
	no	as % of working age	Reduction in	Removed from	Increase	Additional
			incapacity claimants	benefits entirely	in JSA claims	compulsory labour market engagement
EAST MIDLANDS	178,100	6.2	70,000	40,000	20,000	60,000
Derby	11,530	7.2	4,500	2,700	1,300	4,000
Leicester	16,230	7.8	6,400	3,800	1,800	5,700
Nottingham	17,000	7.7	7,100	4,100	2,200	6,100
Rutland	630	2.7	200	100	50	200
Derbyshire	31,900	6.6	13,100	7,600	3,900	11,300
Amber Valley	4,800	6.2	1,900	1,100	600	1,700
Bolsover	4,530	9.6	2,200	1,100	800	1,700
Chesterfield	5,840	9.1	2,500	1,400	800	2,100
Derbyshire Dales	1,750	4.1	600	400	200	600
Erewash	4,380	6.1	1,500	1,000	400	1,500
High Peak	3,320	5.6	1,200	800	300	1,100
North East Derbyshire	4,170	6.8	1,800	1,000	600	1,500
South Derbyshire	3,110	5.1	1,200	700	400	1,100
Leicestershire	16,830	4.0	5,500	3,800	1,200	5,600
Blaby	2,180	3.7	700	500	100	700
Charnwood	4,540	4.0	1,500	1,000	300	1,500
Harborough	1,660	3.2	500	400	100	500
Hinckley and Bosworth	2,930	4.4	1,000	700	200	1,000
Melton	1,060	3.4	300	200	50	300
North West Leicestershire	3,030	5.3	1,200	700	300	1,100
Oadby and Wigston	1,430	3.8	500	300	100	500
Lincolnshire	27,230	6.3	10,600	6,400	3,000	9,500
Boston	2,650	7.4	1,100	600	300	900
East Lindsey	7,320	8.7	3,300	1,800	1,100	2,700
Lincoln	4,490	7.3	1,800	1,100	500	1,600
North Kesteven	2,850	4.3	900	700	200	1,000
South Holland	2,900	5.7	1,000	700	300	1,000
South Kesteven	3,770	4.6	1,200	900	300	1,300
West Lindsey	3,250	5.9	1,300	800	400	1,100
Northamptonshire	22,760	5.1	7,700	5,200	1,800	7,600
Corby	3,000	8.4	1,100	700	300	1,000
Daventry	1,890	3.7	600	400	100	600
East Northamptonshire	2,270	4.2	700	500	100	700
Kettering	3,270	5.7	1,100	800	300	1,100
Northampton	8,090	5.7	2,700	1,900	600	2,700
South Northamptonshire	1,480	2.6	400	300	100	500
Wellingborough	2,760	5.7	1,000	600	300	900
Nottinghamshire	33,990	6.8	14,500	8,100	4,600	12,200
Ashfield	6,450	8.6	2,800	1,500	900	2,300
Bassetlaw	5,670	8.0	2,700	1,400	900	2,100
Broxtowe	3,900	5.2	1,500	900	400	1,400
Gedling	4,110	5.7	1,700	1,000	500	1,400
Mansfield	6,670	10.5	3,100	1,600	1,000	2,400
Newark and Sherwood	4,730	6.7	2,000	1,100	600	1,700
Rushcliffe	2,460	3.4	800	600	200	800
WEST MIDLANDS	233,820	6.8	90,000	55,000	26,000	80,000
Herefordshire	5,850	5.4	2,000	1,300	500	2,000
Stoke-on-Trent	17,460	11.3	7,700	4,200	2,500	6,300
Telford and Wrekin	7,500	7.1	3,100	1,800	900	2,600
Shropshire	9,260	5.2	3,400	2,200	900	3,200
<i>Bridgnorth</i>	<i>1,460</i>	<i>4.5</i>	<i>500</i>	<i>300</i>	<i>100</i>	<i>500</i>
<i>North Shropshire</i>	<i>1,960</i>	<i>5.2</i>	<i>700</i>	<i>500</i>	<i>200</i>	<i>700</i>

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
	no	as % of working age	Reduction in	Removed from	Increase	Additional
			incapacity claimants	benefits entirely	in JSA claims	compulsory labour market engagement
<i>Oswestry</i>	1,490	6.0	600	400	200	500
<i>Shrewsbury and Atcham</i>	3,140	5.3	1,100	700	300	1,100
<i>South Shropshire</i>	1,220	5.0	400	300	100	400
Staffordshire	31,360	5.9	11,400	7,300	2,900	10,700
Cannock Chase	4,470	7.3	1,700	1,000	500	1,500
East Staffordshire	4,100	5.9	1,400	900	300	1,400
Lichfield	2,990	4.9	1,000	700	200	1,000
Newcastle-under-Lyme	5,860	7.2	2,400	1,400	700	2,100
South Staffordshire	2,830	4.2	900	600	200	900
Stafford	4,180	5.2	1,300	900	300	1,400
Staffordshire Moorlands	3,950	6.6	1,500	900	400	1,400
Tamworth	2,980	6.0	1,100	700	300	1,000
Warwickshire	16,070	4.7	5,300	3,700	1,200	5,400
North Warwickshire	2,000	5.0	700	500	200	700
Nuneaton and Bedworth	5,150	6.6	2,100	1,200	600	1,800
Rugby	2,690	4.6	900	600	200	900
Stratford-on-Avon	2,750	3.8	800	600	100	900
Warwick	3,480	3.8	1,000	800	100	1,100
West Midlands (Met County)	128,350	7.6	51,600	30,200	15,300	45,000
Birmingham	52,760	7.8	20,900	12,400	6,100	18,400
Coventry	14,480	6.9	5,700	3,400	1,700	5,000
Dudley	12,690	6.6	5,200	3,000	1,600	4,500
Sandwell	15,910	8.6	6,600	3,800	2,000	5,600
Solihull	6,490	5.1	2,500	1,500	700	2,300
Walsall	12,970	8.2	5,100	3,000	1,500	4,500
Wolverhampton	13,050	8.6	5,400	3,100	1,700	4,600
Worcestershire	17,970	5.1	6,300	4,100	1,500	6,100
Bromsgrove	2,240	3.9	700	500	100	700
Malvern Hills	2,210	5.0	800	500	200	800
Redditch	3,080	6.0	1,200	700	300	1,100
Worcester	3,470	5.5	1,200	800	300	1,200
Wychavon	3,060	4.3	1,000	700	200	1,000
Wyre Forest	3,910	6.4	1,400	900	400	1,300
EAST OF ENGLAND	182,900	4.9	65,000	40,000	15,000	60,000
Bedford	5,310	5.1	1,900	1,200	500	1,800
Luton	7,700	5.9	2,800	1,800	700	2,600
Peterborough	8,000	7.1	2,900	1,800	700	2,700
Southend-on-Sea	7,650	7.4	2,800	1,800	700	2,600
Thurrock	5,490	5.2	1,600	1,200	300	1,800
Central Bedfordshire	6,010	3.6	1,800	1,400	300	2,000
<i>Mid Bedfordshire</i>	2,660	3.0	800	600	100	900
<i>South Bedfordshire</i>	3,350	4.4	1,100	800	200	1,100
Cambridgeshire	16,430	4.1	5,300	3,700	1,100	5,500
Cambridge	3,430	3.6	1,100	800	200	1,100
East Cambridgeshire	1,840	3.5	600	400	100	600
Fenland	4,090	7.3	1,600	1,000	400	1,400
Huntingdonshire	4,250	3.9	1,300	1,000	200	1,400
South Cambridgeshire	2,820	3.0	800	600	100	900
Essex	44,200	4.9	14,800	10,100	3,300	14,800
Basildon	6,960	6.2	2,500	1,600	700	2,400
Braintree	4,350	4.8	1,400	1,000	300	1,400
Brentwood	1,720	3.7	500	400	100	600
Castle Point	2,850	5.2	1,000	700	200	1,000

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
	no	as % of working age	Reduction in	Removed from	Increase	Additional
			incapacity claimants	benefits entirely	in JSA claims	compulsory labour market engagement
Chelmsford	4,050	3.7	1,100	900	100	1,300
Colchester	5,700	4.7	2,000	1,300	500	1,900
Epping Forest	3,380	4.3	1,000	800	200	1,100
Harlow	3,180	6.0	1,100	700	300	1,100
Maldon	1,710	4.3	600	400	100	600
Rochford	1,970	3.8	700	500	100	700
Tendring	6,950	8.3	2,700	1,600	800	2,400
Uttlesford	1,380	2.9	400	300	50	400
Hertfordshire	27,860	3.9	9,100	6,400	2,000	9,300
Broxbourne	2,600	4.5	900	600	200	900
Dacorum	3,690	4.0	1,200	800	200	1,200
East Hertfordshire	2,730	3.0	800	600	100	900
Hertsmere	2,690	4.2	1,000	600	200	900
North Hertfordshire	2,990	3.8	900	700	200	1,000
St Albans	2,840	3.2	900	600	200	900
Stevenage	2,810	5.2	1,000	600	300	1,000
Three Rivers	1,950	3.5	600	400	100	600
Watford	2,560	4.4	900	600	200	900
Welwyn Hatfield	3,000	3.9	1,000	700	300	1,000
Norfolk	32,770	6.1	12,600	7,700	3,500	11,400
Breckland	4,320	5.4	1,500	1,000	400	1,500
Broadland	3,440	4.6	1,200	800	300	1,200
Great Yarmouth	5,150	8.6	2,200	1,200	700	1,800
King's Lynn and West Norfolk	5,820	6.9	2,400	1,400	700	2,100
North Norfolk	3,650	6.4	1,500	900	500	1,300
Norwich	7,070	6.9	2,800	1,700	800	2,500
South Norfolk	3,320	4.5	1,100	800	200	1,100
Suffolk	21,480	4.8	7,100	4,900	1,600	7,200
Babergh	2,090	4.1	600	500	100	700
Forest Heath	1,480	3.6	400	300	50	500
Ipswich	5,200	6.2	1,900	1,200	500	1,800
Mid Suffolk	2,020	3.5	600	500	100	700
St Edmundsbury	2,810	4.3	800	600	100	900
Suffolk Coastal	2,960	4.0	900	700	200	1,000
Waveney	4,920	7.0	2,000	1,200	600	1,700
LONDON	314,410	5.8	100,000	55,000	29,000	120,000
Inner London	148,670	6.6	49,500	27,700	15,600	58,400
Camden	11,150	6.3	4,100	2,200	1,400	4,500
Hackney	13,250	8.7	4,400	2,500	1,400	5,200
Hammersmith and Fulham	8,160	6.6	2,700	1,500	800	3,200
Haringey	12,150	7.7	4,300	2,300	1,400	4,800
Islington	12,470	8.5	4,700	2,400	1,700	5,000
Kensington and Chelsea	6,290	5.4	2,000	1,200	600	2,500
Lambeth	13,440	6.3	4,600	2,500	1,500	5,300
Lewisham	12,580	6.7	3,900	2,300	1,200	4,900
Newham	12,930	8.1	4,100	2,400	1,300	5,000
Southwark	13,480	6.4	4,700	2,600	1,500	5,300
Tower Hamlets	12,150	7.0	3,600	2,200	1,000	4,700
Wandsworth	9,370	4.4	2,500	1,700	600	3,600
Westminster	11,090	5.7	3,700	2,100	1,200	4,400
Outer London	165,740	5.3	48,900	29,700	13,700	63,900
Barking and Dagenham	8,440	7.3	2,700	1,500	800	3,300
Barnet	10,870	4.7	2,900	1,900	700	4,200
Bexley	6,950	4.8	1,900	1,200	500	2,600

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
	no	as % of working age	Reduction in	Removed from	Increase	Additional
			incapacity claimants	benefits entirely	in JSA claims	compulsory labour market engagement
Brent	12,440	7.3	4,200	2,300	1,300	4,900
Bromley	8,480	4.3	2,300	1,500	600	3,300
Croydon	12,670	5.6	3,500	2,200	900	4,800
Ealing	12,830	5.8	4,200	2,400	1,300	5,000
Enfield	12,510	6.5	4,200	2,300	1,300	4,900
Greenwich	11,340	7.4	3,700	2,100	1,200	4,400
Harrow	6,800	4.4	2,000	1,200	600	2,600
Havering	7,430	5.0	2,300	1,400	700	2,900
Hillingdon	8,640	4.9	2,200	1,500	500	3,300
Hounslow	9,120	5.5	2,900	1,700	900	3,500
Kingston upon Thames	3,710	3.1	800	600	100	1,400
Merton	5,220	3.6	1,200	900	200	2,000
Redbridge	8,850	5.0	2,500	1,600	700	3,400
Richmond upon Thames	4,060	3.2	900	700	200	1,500
Sutton	5,380	4.2	1,400	900	300	2,100
Waltham Forest	10,000	6.5	3,000	1,800	900	3,900
SOUTH EAST	248,930	4.6	80,000	55,000	16,000	80,000
Bracknell Forest	2,550	3.2	700	600	100	800
Brighton and Hove	13,500	7.5	4,800	3,100	1,200	4,600
Isle of Wight	5,950	7.1	2,400	1,400	700	2,100
Medway	10,000	5.9	3,200	2,300	700	3,300
Milton Keynes	7,890	4.9	2,700	1,800	700	2,700
Portsmouth	8,170	5.6	2,600	1,800	500	2,700
Reading	4,950	4.6	1,500	1,100	300	1,600
Slough	10,070	5.9	3,400	2,300	800	3,400
Southampton	4,820	5.5	1,700	1,100	400	1,600
West Berkshire	3,340	3.4	900	700	100	1,100
Windsor and Maidenhead	2,680	2.9	700	600	100	900
Wokingham	2,430	2.3	700	500	100	800
Buckinghamshire	9,890	3.2	2,800	2,200	400	3,200
Aylesbury Vale	3,710	3.3	1,100	800	200	1,200
Chiltern	1,570	2.9	500	400	100	500
South Bucks	1,140	2.7	300	300	50	400
Wycombe	3,470	3.3	1,000	800	100	1,100
East Sussex						
Eastbourne	4,320	7.4	1,500	1,000	400	1,500
Hastings	5,810	10.6	2,300	1,400	700	2,000
Lewes	3,130	5.5	1,000	700	200	1,000
Rother	3,160	6.4	1,100	700	300	1,100
Wealden	3,510	4.2	1,000	800	200	1,100
Hampshire	32,290	4.0	9,800	7,300	1,800	10,600
Basingstoke and Deane	4,030	3.7	1,100	900	100	1,300
East Hampshire	2,350	3.4	700	500	100	800
Eastleigh	2,970	3.8	900	700	200	1,000
Fareham	2,270	3.3	600	500	100	700
Gosport	2,780	5.5	900	600	200	900
Hart	1,240	2.1	300	300	50	400
Havant	4,520	6.4	1,700	1,000	400	1,500
New Forest	4,630	4.5	1,400	1,000	300	1,500
Rushmoor	2,550	4.1	700	600	100	800
Test Valley	2,540	3.6	700	600	100	800
Winchester	2,410	3.4	700	500	100	800

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
	no	as % of working age	Reduction in	Removed from	Increase	Additional
			incapacity claimants	benefits entirely	in JSA claims	compulsory labour market engagement
Kent	49,430	5.5	16,500	11,300	3,800	16,500
Ashford	3,490	4.9	1,100	800	200	1,100
Canterbury	5,020	5.0	1,500	1,100	300	1,600
Dartford	2,910	4.7	800	600	100	900
Dover	4,480	6.9	1,700	1,000	400	1,500
Gravesham	3,620	5.7	1,300	800	300	1,200
Maidstone	4,370	4.6	1,200	1,000	100	1,400
Sevenoaks	2,480	3.5	800	600	200	800
Shepway	4,610	7.5	1,700	1,100	500	1,600
Swale	5,730	6.8	2,100	1,300	500	2,000
Thanet	6,980	8.8	2,700	1,600	800	2,400
Tonbridge and Malling	2,840	3.8	900	600	200	900
Tunbridge Wells	2,900	4.4	900	700	200	900
Oxfordshire	14,730	3.5	4,300	3,300	700	4,800
Cherwell	3,510	3.8	1,000	800	200	1,100
Oxford	4,650	4.1	1,400	1,000	200	1,500
South Oxfordshire	2,320	2.8	700	500	100	800
Vale of White Horse	2,310	3.1	700	500	100	700
West Oxfordshire	1,940	3.0	600	400	100	600
Surrey	23,030	3.2	6,500	5,200	1,000	7,400
Elmbridge	2,310	2.8	600	500	100	700
Epsom and Ewell	1,560	3.3	500	400	100	500
Guildford	2,830	3.1	800	600	100	900
Mole Valley	1,660	3.2	500	400	100	500
Reigate and Banstead	3,120	3.5	900	700	200	1,000
Runnymede	1,610	2.8	400	400	50	500
Spelthorne	2,280	3.8	600	500	100	700
Surrey Heath	1,420	2.6	400	300	50	400
Tandridge	1,770	3.5	500	400	100	600
Waverley	2,290	3.2	700	500	100	800
Woking	2,180	3.6	600	500	100	700
West Sussex	23,280	4.8	7,400	5,300	1,500	7,700
Adur	2,210	5.9	700	500	200	700
Arun	5,100	5.9	1,700	1,200	400	1,700
Chichester	2,710	4.0	800	600	100	900
Crawley	3,630	5.1	1,200	800	200	1,200
Horsham	2,630	3.3	700	600	100	800
Mid Sussex	2,940	3.6	800	600	100	900
Worthing	4,060	6.4	1,400	900	300	1,400
SOUTH WEST	193,670	5.8	70,000	45,000	18,000	65,000
Bath and North East Somerset	5,140	4.3	1,800	1,200	400	1,700
Bournemouth	8,830	8.0	3,100	2,000	800	3,000
Bristol	21,380	6.8	8,200	5,000	2,300	7,400
North Somerset	8,150	6.3	3,000	1,900	800	2,800
Plymouth	13,880	8.0	5,800	3,300	1,800	4,900
Poole	4,780	5.5	1,700	1,100	400	1,600
South Gloucestershire	6,770	3.9	2,100	1,500	400	2,200
Swindon	7,160	5.4	2,300	1,600	500	2,400
Torbay	7,490	9.3	3,200	1,800	1,000	2,700
Cornwall	23,210	7.1	8,900	5,400	2,500	8,100
<i>Caradon</i>	3,360	6.5	1,200	800	300	1,200
<i>Carrick</i>	3,350	5.7	1,200	800	300	1,200
<i>Kerrier</i>	4,930	7.8	1,900	1,200	500	1,700
<i>North Cornwall</i>	3,420	6.5	1,400	800	400	1,200
<i>Penwith</i>	3,360	8.7	1,400	800	400	1,200
<i>Restormel</i>	4,810	7.5	1,800	1,100	500	1,600

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
	no	as % of working age	Reduction in	Removed from	Increase	Additional
			incapacity claimants	benefits entirely	in JSA claims	compulsory labour market engagement
Wiltshire	12,140	4.3	3,800	2,800	700	4,000
<i>Kennet</i>	1,980	4.0	600	400	100	600
<i>North Wiltshire</i>	3,290	3.9	900	700	100	1,100
<i>Salisbury</i>	3,030	4.2	1,000	700	200	1,000
<i>West Wiltshire</i>	3,850	4.9	1,300	900	300	1,300
Devon	24,990	5.5	9,500	5,900	2,600	8,700
East Devon	3,580	4.8	1,300	800	300	1,200
Exeter	4,590	5.5	1,700	1,100	500	1,600
Mid Devon	2,270	4.9	900	500	200	800
North Devon	3,510	6.4	1,400	800	400	1,200
South Hams	2,570	5.0	900	600	200	900
Teignbridge	4,220	5.5	1,600	1,000	400	1,500
Torridge	2,520	6.4	1,000	600	300	900
West Devon	1,730	5.4	700	400	200	600
Dorset	12,730	5.5	4,400	2,900	1,000	4,300
Christchurch	1,420	5.5	500	300	100	500
East Dorset	1,880	3.8	600	400	100	600
North Dorset	1,760	4.8	600	400	100	600
Purbeck	1,230	4.6	400	300	100	400
West Dorset	2,970	5.5	1,100	700	300	1,000
Weymouth and Portland	3,470	8.9	1,300	800	400	1,200
Gloucestershire	18,220	4.9	6,300	4,200	1,500	6,200
Cheltenham	3,580	4.8	1,200	800	300	1,200
Cotswold	1,660	3.3	500	400	100	500
Forest of Dean	2,900	5.6	1,100	700	300	1,000
Gloucester	4,930	6.4	1,800	1,100	500	1,700
Stroud	3,210	4.7	1,100	700	300	1,100
Tewkesbury	1,940	3.8	600	400	100	600
Somerset	18,780	5.9	6,800	4,400	1,800	6,400
Mendip	3,760	5.6	1,300	900	300	1,300
Sedgemoor	4,540	6.6	1,700	1,100	500	1,600
South Somerset	5,150	5.4	1,800	1,200	400	1,700
Taunton Deane	3,950	5.9	1,500	900	400	1,400
West Somerset	1,380	6.9	600	300	200	500
WALES	181,370	9.5	75,000	45,000	23,000	65,000
Anglesey	3,410	8.3	1,500	800	500	1,200
Gwynedd	5,180	7.0	2,000	1,200	500	1,800
Conwy	5,820	9.0	2,300	1,400	700	2,100
Denbighshire	5,560	9.5	2,000	1,300	500	1,900
Flintshire	6,470	6.8	2,600	1,500	800	2,300
Wrexham	6,920	8.1	2,900	1,600	900	2,500
Powys	5,370	6.8	1,900	1,200	500	1,800
Ceredigion	3,390	6.9	1,400	800	400	1,200
Pembrokeshire	6,000	8.6	2,500	1,400	800	2,100
Carmarthenshire	11,710	10.6	5,200	2,800	1,700	4,300
Swansea	15,320	10.2	6,300	3,600	1,900	5,400
Neath Port Talbot	12,240	14.1	5,500	2,900	1,800	4,400
Bridgend	9,820	11.6	3,900	2,300	1,200	3,400
Vale of Glamorgan	5,630	7.2	2,000	1,300	500	1,900
Cardiff	17,460	7.4	6,400	4,000	1,700	6,000
Rhondda Cynon Taf	19,300	12.9	8,300	4,600	2,600	6,900
Merthyr Tydfil	5,150	14.5	2,500	1,300	900	1,900
Caerphilly	13,350	12.1	6,300	3,200	2,200	4,900

	Incapacity claimants February 2011		Estimated impact of reforms 2011-2014			
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			incapacity claimants	benefits entirely	in JSA claims	compulsory labour market engagement
Blaenau Gwent	6,030	13.9	2,800	1,500	1,000	2,200
Torfaen	5,820	10.3	2,400	1,400	800	2,100
Monmouthshire	3,500	6.5	1,200	800	300	1,200
Newport	7,920	8.9	3,100	1,800	900	2,700
SCOTLAND	277,410	8.1	115,000	65,000	36,000	100,000
Aberdeen	9,110	6.0	4,100	2,200	1,400	3,300
Aberdeenshire	7,220	4.5	2,900	1,700	800	2,500
Angus	4,510	6.6	1,700	1,100	500	1,600
Argyll and Bute	3,660	6.6	1,300	900	300	1,300
Clackmannanshire	3,070	9.3	1,500	800	500	1,100
Dumfries and Galloway	6,860	7.6	2,900	1,600	900	2,400
Dundee	9,880	10.4	4,300	2,400	1,400	3,500
East Ayrshire	7,150	9.2	3,100	1,700	1,000	2,500
East Dunbartonshire	3,410	5.2	1,400	800	400	1,200
East Lothian	4,080	6.7	1,500	1,000	400	1,400
East Renfrewshire	2,970	5.3	1,100	700	300	1,000
Edinburgh	20,660	6.0	8,000	4,900	2,300	7,200
Eilean Siar	1,130	7.0	500	300	100	400
Falkirk	8,060	8.1	3,500	1,900	1,100	2,900
Fife	17,880	7.6	7,700	4,300	2,500	6,400
Glasgow	50,960	12.3	22,500	12,200	7,400	18,300
Highland	9,590	6.8	4,000	2,300	1,300	3,400
Inverclyde	6,290	12.2	2,700	1,500	900	2,200
Midlothian	3,900	7.5	1,600	900	500	1,400
Moray	3,210	5.8	1,300	800	400	1,100
North Ayrshire	8,410	9.8	3,500	2,000	1,100	3,000
North Lanarkshire	21,840	10.2	9,200	5,200	2,900	7,700
Orkney Islands	650	5.1	200	200	100	200
Perth and Kinross	5,180	5.5	1,900	1,200	500	1,800
Renfrewshire	10,280	9.2	4,300	2,400	1,300	3,600
Scottish Borders	4,290	6.1	1,600	1,000	500	1,500
Shetland Islands	720	5.0	200	200	50	200
South Ayrshire	5,780	8.3	2,400	1,400	700	2,000
South Lanarkshire	17,560	8.6	7,600	4,200	2,400	6,300
Stirling	3,760	6.5	1,500	900	400	1,300
West Dunbartonshire	6,390	10.7	2,800	1,500	900	2,300
West Lothian	8,950	7.9	3,800	2,100	1,200	3,200

Source: Sheffield Hallam estimates based on DWP



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