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**WP4: In depth analysis of the implementation and development of policy innovations**

**4.1.1 Introduction**

This report is part of Work Package 4 (WP4), which aims to study in depth the origins, methods of development, involvement of stakeholders, process of interaction and the implementation and effects of selected policy innovations. It identifies the parameters affecting the development and implementation of innovative practices within the UK and the national peculiarities that impact on these. Specific attention is paid to policies directed towards ‘vulnerable groups’, thus building on the findings of WP2 and WP3. We assess these policies in relation to the multi-disciplinary concept of ‘resilience’ defined in WP1 as a means of understanding vulnerable groups’ positions within the labour market. This report will provide points of interest that contribute to both the comparative synthetic analysis for WP4 and a ‘best practice’ guide for involving vulnerable groups in policy innovation, alongside outlining the benefits of such an approach.

The definition of ‘vulnerable people’ within this report corresponds with that of the broader INSPIRES project. We consider four groups: young people, disabled people, older people and migrants. The policy attention given to the labour market situation of these groups varies from country to country and this is reflected in the content of our report. For example, one feature of the UK policy environment is that there is very little in the way of policy directed specifically at the labour market position of migrants but a comparatively large amount aimed at disabled people and younger workers. This is reflected in our choice of policies and analytical emphasis.

A further issue concerns access to the individuals that are responsible for policy development. For reasons pertaining to the structure and balance of power in the UK political system, it is very difficult to obtain interviews with or even (in the case of civil servants) to identify those responsible for specific policy developments. In the case of older, more established policies, it is rarely possible to identify key individuals. The architects of newer policies are often unwilling to speak candidly about development due to political and professional pressures. We have therefore incorporated the findings of our previous interviews as far as possible but alongside this, in order to present a rounded and full picture of policy development, we have utilised additional techniques.
Notably we have traced the development of policy through government papers and other party documents, observing the influence of external organisations such as think-tanks and the way that this may affect policy development.

4.1.2 Structure of the paper

Following a brief overview of the UK team’s findings from the WP2 and WP3, the report begins by discussing five innovations in depth. These are Access to Work (AtW), Employment and Support Allowance (ESA), the New Deals (NDs), the Work Programme (WP), and the National Minimum Wage (NMW).

The first major section offers descriptions of the selected innovations and an overview of the development process. This takes into account variables including the methods of development and implementation, the way in which programmes are monitored and evaluated, and consequentially the process of on-going policy reform and adaptation. A key point emerging from this concerns the closed nature of the UK policy-making system, which exhibits a high level of centralisation and a corresponding lack of opportunities for the involvement of user-led groups in the development of policy. A tendency towards iterative rather than radical change between governments is also noted. This is somewhat surprising since the policies discussed here have had limited positive effects on the labour market resilience of vulnerable groups, suggesting that a different approach might have been more beneficial with regard to the outcomes that INSPIRES is concerned with measuring.

The second major section considers the factors and parameters that impact on this, setting the process of policy development within the broader context of the UK system. In particular, this section considers why, in a system where parties should in theory have substantial latitude to implement radical change and try out different approaches, there is a hesitancy to move away from established policy patterns. The section outlines a number of factors feeding into this, including broadly agreed concerns on the nature of problems in the UK labour policy, lack of systemic evaluation of existing policies, the role of the civil service, and public opinion. All of these contribute to a lack of impetus for innovation and appear to encourage policy inertia, even allowing for very different economic contexts such as pre- and post-crisis.

The report concludes by discussing the impact of these system pressures and approaches to policy making on the labour market resilience of vulnerable groups, with
respect to the five innovations addressed. It suggests that the result of this is a rather ineffective and inflexible approach to policy-making which produces only limited gains for those who are targeted by innovations.

4.2 Analytic description of selected innovations

4.2.1 Work Packages 2 and 3

This report builds on the findings of the UK national reports for WP2 and WP3. WP2 considered the impact of the financial crisis and subsequent economic downturn on the vulnerable groups that INSPIRES is concerned with. The UK economy contracted particularly sharply in comparison to the rest of Europe following the financial crisis and was also affected more severely than it had been during previous recessions in the 1980s and 1990s. However for reasons largely related to the flexibility of the UK labour market, the impact on employment overall was not as great as it might have been, particularly in comparison to the effects of previous recessions. There were marked disparities between the positions of vulnerable groups following the crisis which were broadly reflective of pre-existing weaknesses and issues in the UK labour market. Young people were particularly badly affected and youth employment has remained high even as the economy has begun to recover. Some groups of migrant workers also experienced increased unemployment. Older people and disabled people who were already in employment tended to be less affected, in part because they were already well represented amongst part-time workers. They also tended to be more likely to move towards flexible working patterns during the crisis although, as Vanessa Beck of the University of Leicester pointed out in an interview for this project, this was also to the great benefit of employers who were motivated to support such moves in order to avoid redundancy payments. Following the pattern prior to the crisis, those who left the labour market completely (or had never worked) tended to find re-entry very difficult. Despite this, in WP3 we did not find much evidence of policy innovation in response to the crisis. Of far more significance in this respect was the change of government in 2010, when New Labour was replaced by the Conservative-Liberal Democrat Coalition. Even so, the shift between New Labour and the Coalition was characterised by a remarkable level of apparent ‘business as usual’ along existing policy trajectories outlined in WP3. Both governments pursued a broadly agreed set of concerns regarding unemployment,
skills levels, competitiveness and living standards. WP3 found a major trend towards supply-side activation policies and a corresponding lack of emphasis on demand-side approaches to these issues, alongside emphases on removing or ameliorating risk and on increasing the flexibility of the workforce. As we develop in this report through analysing five of these policies in depth, these approaches have been mediated through party ideologies and political strategies.

WP3 also briefly discussed the structure of the UK political system. There are two important points regarding this in terms of policy development. Firstly the political culture of the UK is adversarial, and recent developments such as the formation of the Coalition have done little to alter this. This is in large part due to the effects of the first-past-the-post or simple plurality electoral system. Secondly the UK system is highly centralised. It is characterised by a concentration of power in the Cabinet, alongside a permanent civil service which takes responsibility for policy implementation and development at the highest level. Given this we might expect to see substantial policy change between governments, since parties have both the motivation and the means to carry this out. As discussed however, UK party approaches to the labour market at the level of broad policy structures are characterised by continuity rather than change. In this report we explore the relationship between these contextual factors and parameters, and policy outcomes. We seek to understand the situation whereby parties expend great energy and resources in denigrating the policies of their opponents and in stressing the ‘newness’ of their own approaches without much obvious substantive change occurring, and we consider how this impacts on the position of vulnerable groups within the UK labour market.

4.2.2 Rationale

The five innovations that this report discusses are Access to Work (AtW), the New Deals (NDs), Employment and Support Allowance (ESA), Work Programme (WP) and the National Minimum Wage (NMW). Four main considerations guided the selection of these policies.

Firstly, we chose policies that were representative of the broader character of the UK as a liberal welfare state during the time period with which INSPIRES is concerned. With this in mind, ND and the NMW were the flagship policies of the New Labour government
and WP is one of the flagship policies of the Coalition in this area. ESA has also gained increasing prominence since 2010. These are policies which purport to respond to and address the major challenges within the UK labour market as discussed in WPs 2 and 3. Secondly, and connected to this, we also wished to ensure that our choices represented a full range of labour market policies in order to be able to explore the varied usage and impact of different strategies within the UK context. While the UK tends to focus on supply-side activation policies this does not represent the full range of policies. Hence we chose some examples that illustrated a slightly different dimension and approach. The NMW is the most significant example of this in recent years. 

Thirdly, we ensured that we selected policies that were wholly relevant to, or had substantial elements that were relevant to the target groups in question. AtW and ESA are both targeted specifically at vulnerable groups, as are elements within the NDs and WP. While the NMW is un-targeted, vulnerable groups still stood to benefit from it significantly owing to their disproportionate representation within low paying occupations. One issue arising from this is that not all of the vulnerable groups that INSPIRES is concerned with are addressed equally in the report, or in the UK itself. Policies directed at migrants, for example, are particularly thin on the ground in the UK and there is often very little in the way of evidence on or analysis of these. We therefore had to balance addressing the main target groups with the quality of analysis that could be provided on the policies pertaining to them.

Finally we selected programmes that were at different stages in their development and varied in their relationships to previous policies. ND, ESA and NMW, for example, were all new policies on their introduction, but the route to implementation for all three was slightly different. ND has now ended while the NMW and ESA remain in place and in development, although the methods of development again vary. WP builds substantially on ND and the Flexible New Deal (FND) which followed it and so can be classified as a reform to or retrenchment of an existing policy. It is also a relatively new programme which was implemented in a very different economic context to ND. AtW is the longest-established of the five policies but remains the most under-developed and under-researched.
4.2.4 Access to Work

Access to Work (AtW) offers specialised employment support for people with disabilities. It is available to people who are either in paid work, about to commence paid work, or who are self-employed. It was announced in its present form by the Department for Employment in April 1992 and launched in 1994. AtW is a grant scheme intended to cover some of the extra costs associated with disability in the workplace. It can be claimed for a number of purposes including help with travel costs, human support, or equipment. There is currently no maximum possible claim or duration of claim. Its overall purpose is supporting and promoting the recruitment and retention of disabled people in work.

AtW is a central government initiative. It was the result of a consultation on pre-existing specialist support for disabled people carried out by the Department for Employment and Department for Social Security (DSS, 1990). Following this the 1992 white paper People, Jobs and Opportunity announced the merger of four of these schemes into one, forming AtW (DfE, 1992: 59). As a development of previous programmes, AtW was launched nationally without a pilot programme. However a review was commissioned following one year of operation. This was carried out by two charities: the Royal National Institute of Blind People and the Royal Association for Disability and Rehabilitation (RNIB/RADAR, 1995). Subsequently AtW has not been subject to any systematic review process, although a further significant review of the service (and related schemes such as the sheltered employment programme Remploy) was carried out in 2011 (Sayce, 2011).

Statistics on the performance of the scheme are also limited. The UK Statistics Authority has reported that this ‘constrains their usefulness’ (2014: 2). The DWP states that reliable performance data for the scheme is only available as far back as April 2007 (2014a: 4). ‘Over 7,300’ people were helped annually by the schemes that preceded the introduction of AtW (DSS, 1990: 54); as of 2013/14, AtW provides support to 35,450 people (DWP, 2014a: 7). The Work and Pensions Select Committee also discovered that the DWP has never undertaken any robust cost-benefit analysis of AtW, which the Committee believed would generate ‘an overwhelming case for substantial additional funding’ (WPSC, 2014: 18). The Disability Employment Coalition estimated a return to
the Exchequer of £1.48 for every £1 invested in AtW (2009: 24). However, the DWP told the WPSC in evidence that it did not recognise this figure.

*Chart 4.2.1: Number of people helped by Access to Work*

Data on spending for AtW is not routinely published. However details of recent expenditure can be gathered from the DWP’s answers to parliamentary questions.

*Table 4.2.2: Expenditure on Access to Work*

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<tr>
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<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
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<tr>
<td>Total spend (£ million)</td>
<td>98</td>
<td>105.5</td>
<td>98.3</td>
<td>99</td>
<td>108</td>
</tr>
<tr>
<td>Total caseload</td>
<td>37280</td>
<td>35820</td>
<td>31510</td>
<td>35450</td>
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*Source: DWP, 2014a: 10*

AtW has been subject to several reforms and adaptations since its introduction. Several of these concern the budget and marketing of the scheme. These are addressed in greater detail below. One important development following a substantial budget increase in 2008 was the government consultation on how best to make AtW more responsive to the needs of people with fluctuating conditions, including mental health conditions (DWP, 2008a: 77). This was in keeping with the ‘more support, greater responsibility’ theme of the DWP’s green and subsequent white paper which also included further details of changes to ESA and the expectations placed on disabled people within the welfare system. The white paper (DWP, 2008b) confirmed that pilots for AtW for people with fluctuating conditions would be underway from October 2008.
A further reform suggested in the Prime Minister’s Strategy Unit’s 2005 report concerned the availability of AtW to employees of central government. The report suggested that:

The public sector has a role in promoting employment opportunities for people who are currently socially excluded, in order to promote regeneration and social justice. On these grounds, there are strong arguments for requiring central government departments – and potentially the wider public sector, in due course – to make provision in their expenditure baselines for the costs of employing disabled employees. This would free up additional funds for use by small and medium-sized businesses. (PMSU, 2005: 173)

Ultimately however this proposal was not taken forward as it proved impossible to find a way of implementing it that would not impact negatively on disabled employees. The Prime Minister’s Strategy Unit report insisted that this was not an acceptable consequence, even if it was only short-term.

Consultations and inquiries on disability employment support have consistently highlighted the perceived utility of AtW, and the disjuncture between this and levels of awareness of it amongst potential users of the service (WPSC, 2014; PMSU, 2005; RNIB/RADAR, 1995). The Sayce report also describes AtW as government’s ‘best-kept secret’ (Sayce, 2011: 18), confirming that it is overwhelmingly liked by service users but that it is a ‘matter of accident whether an employer or individual has heard of it’ (2011: 14-15). This is likely to be linked to the scheme’s budget. The Work and Pensions Select Committee identified significant (although unquantifiable) unmet need, and witnesses to the Committee’s inquiry suggested that the Department might be hesitant to promote the scheme because of the pressure that it would put on the budget (WPSC, 2014a: 16).

A previous Work and Pensions Committee report had also recommended that the AtW budget be increased ‘as a matter of urgency’, primarily because the planned national roll-out of Pathways to Work would suffer if this did not occur (2006: 87).

The AtW budget was doubled in 2008. The DWP estimated that this would enable it to help an additional 25,000 people (DWP, 2008b: 16). This was announced prior to the financial crisis but went ahead as planned. The AtW budget was protected under the Coalition government (DWP, 2011a: 8), and the Government also accepted the recommendations of the Sayce report on diverting funding within the overall specialist disability employment support budget away from loss-making Remploy businesses towards AtW. Former Minister for Disabled People Maria Miller’s foreword to the Government’s response to the Sayce review confirmed that this was ‘very much in line
with the Government’s drive towards greater personalisation in welfare’, focusing resources on ‘disabled people themselves, rather than on specific institutions’ (DWP, 2011a: 4). The Work and Pensions Committee took evidence suggesting that the diversion of funds from Remploy would total £80 billion to £85 billion. However the DWP rejected the suggestion that this could all have gone into AtW, announcing an extra £15 billion for the programme in 2012 (WPSC, 2014a: 13-14).

4.2.5 Employment and Support Allowance

Employment and Support Allowance (ESA) is aimed at unemployed people with disabilities or long-term health conditions. It replaced Incapacity Benefit and Income Support for new claimants from 2008. There are two ‘types’ of ESA: a means-tested non-contributory type and a non-means tested contributory type. Currently the process of transferring existing Incapacity Benefit and Income Support claimants is on-going alongside the roll-out of Universal Credit, announced in 2011. Non-contributory ESA will continue to exist as a separate benefit until the Universal Credit national roll-out is complete, after which it will become part of the ‘capability for work’ element of the Universal Credit award. Contributory ESA will continue to exist and be paid as a separate benefit. ESA is intended to be a more ‘active’ benefit that those it replaces, maintaining disabled peoples’ proximity to employment and preparing them for a move back into work. It is paid at two different rates comprising a basic component plus a ‘support’ component or a ‘work-related activity’ component, with the award dependent on the extent to which a claimants’ illness or disability prohibits the possibility of working in the near future.

The legislation for ESA was introduced in the Welfare Reform Act 2007. However the inception of the policy dates back to 2002. In July 2002, extra resources for people with disabilities or long-term health conditions were announced by the Treasury (HM Treasury, 2002: 119) and in November the DWP published the Pathways to Work consultation, which set out the key features of a new system for Incapacity Benefit claimants. This was in response to the contention that the existing Incapacity Benefit system was too ‘passive’. Instead, the DWP proposed that: ‘an effective benefits system must be based around the key premise that all people on benefit should be encouraged to stay focused on their expectations and helped back to work where that is possible’
Pathways also suggested that a ‘small, but important’ part of the process of change would be to alter the name of the current benefit (Incapacity Benefit) to something ‘more accurate and less negative...Perhaps something like “Capability Assessment Allowance”‘ (DWP, 2002: 32). Subsequently, the DWP’s Five Year Strategy (2005) confirmed an overhaul of Incapacity Benefit. The Government planned to introduce a new employment and support assessment for its new benefit, dividing claimants into two payment groups based on the outcome of this. These were the higher-rate ‘Disability and Sickness Allowance’ (which became the ‘Support Group’) and the lower-rate support group ‘Rehabilitation Support Allowance’ (renamed the ‘Work-Related Activity Group’) (DWP, 2005: 47-50).

The January 2006 green paper, A New Deal for Welfare: Empowering People to Work set out proposals for ESA in greater detail. The first key proposal was an increased requirement for people claiming the benefit to take part in work-focused and/or work-related activity, and a concomitant extension of sanctions in the form of benefit reductions for failing to engage (DWP, 2006a: 3). The second was reform of the Personal Capability Assessment (PCA) to shift eligibility criteria from being condition-based to impact-based, focusing on ‘people’s capacity for work rather than just their entitlement to benefits’ (DWP, 2006a: 39-40). The green paper also indicated an intention to increase levels of support as resources permitted for both those claimants designated unable to work and for those capable of some work-activity, alongside increases in conditionality (DWP, 2006a: 6). ESA therefore very much reflected New Labour’s ‘rights and responsibilities’ approach to welfare (see Section 4.2.6 on the New Deals).

The most contentious area of the policy was, and remains, the reformed PCA (later renamed the ‘Work Capability Assessment’ [WCA]). Section 10 of the Welfare Reform Act (2007) established a requirement for the Secretary of State for Work and Pensions to publish an independent report on the WCA in each of its first five years of operation. The first of these was published in 2010 (Harrington, 2010) and has been followed up each year since. The final report states that the WCA has been in a ‘constant state of change’ since its implementation. However despite a number of changes and improvements: ‘there remains an overwhelming negative perception of the WCA’s effectiveness amongst people undergoing an assessment and individuals or organisations providing support to them’ (Litchfield, 2014: 4). Early evaluations commissioned by the DWP suggested a similar picture. While staff associated with disability benefits and support
were ‘very positive about the policy intention of ESA’, implementation experiences had not lived up to their expectations (Barnes et al. 2010a: 3; Barnes et al. 2010b; Barnes, Aston and Williams 2010).

Prior to 2011, indicators including job outcomes and ‘activity measures’ such as interviews were taken into account when assessing Jobcentre performance. However measuring sustained job outcomes proved to be extremely challenging and resource-intensive, and since 2011 the DWP has focused on benefit off-flows (NAO, 2013: 23). The Work and Pensions Committee discovered that the DWP was unaware of the destinations of 58 per cent of claimants leaving JSA in one year between July 2011 and August 2012 (WPSC, 2014b: 30), and information on whether ESA claimants who have left the benefit have moved into work is similarly hard to come by. A research report for the DWP found that of the ESA leavers cohort studied, 37 per cent found paid work while 41 per cent immediately set up a claim for another out-of-work benefit. The remainder were neither in work nor claiming another benefit. This meant that ESA had a significantly lower off-flow into work than other programmes such as JSA (Adams et al., 2012: 41). However this might not be surprising given the extra barriers that disabled people and those with long-term health conditions face in moving into employment.

**Chart 4.2.3: Off-flows from ESA by length of claim**

![Diagram showing off-flows from ESA by length of claim, with data points for 3-6 months, 6 months - 1 year, 1 year - 2 years, 2 years - 5 years, 5 years and over, and Unknown duration.](https://sv.stat-xplore.dwp.gov.uk/)

*Source: [https://sv.stat-xplore.dwp.gov.uk/](https://sv.stat-xplore.dwp.gov.uk/)*
Also of interest with regard to innovation is the sanctioning regime attached to ESA and the relationship between this and off-flows. The Welfare Reform Act 2012 introduced greater conditionality and tougher sanctions for ESA claimants. This applies to claimants in the Work-Related Activity Group, who can be sanctioned for failing to take part in a work-focused interview or work-related activity. Sanctions are open-ended from the time of non-compliance until the claimant re-engages, followed by a further fixed-period sanction of one to four weeks. This is dependent on whether and how recently the claimant has been sanctioned before. The sanction amount is 100 per cent of the entire ESA basic component (currently £71 per week). Previously sanctions were open-ended and set at 50 per cent of the Work-Related Activity component for up to four weeks (£14), rising to 100 per cent thereafter (£28), but being reinstated in full as soon as the claimant re-engaged (WPSC, 2014b: 24). The DWP has strongly denied that there are targets for sanctioning: however, former Employment Minister Esther McVey confirmed that sanctioning levels are one of a variety of performance indicators on which Jobcentre staff are monitored (HC Hansard, 15 October 2013).

\[CHART 4.2.4: \text{Total ESA sanctions}\]

![Chart 4.2.4: Total ESA sanctions](https://sv.stat-xplore.dwp.gov.uk/)

Witnesses to the Work and Pensions Committee suggested that Jobcentre staff: ‘might see sanctions as positive outcomes in themselves, particularly as [Jobcentre Plus] performance is measured primarily against the proportion of claimants coming off benefit by specific points in claims’. Sanctions could discourage people from claiming
benefits and thus help to meet these performance targets (WPSC, 2014b: 26-27). While claimants are not taken off the claimant count if they continue to sign on during the sanction period, the DWP has not confirmed whether it can require claimants to sign on while not receiving the benefit during a fixed-term sanction period. Sanctioned claimants may effectively ‘disengage’ if they are aware that they will not be receiving payments for a specified period, thus being removed from the claimant count. As such the impact of sanctioning on benefit off-flow ‘remains unclear’ (WPSC, 2014b: 27). The role and function of sanctions in the ESA claimant regime has also received less attention than that of JSA, which was addressed in a DWP-commissioned report (Oakley, 2014).

Taken in conjunction with the limited evidence above regarding the destinations of those who leave the benefit, there is reason to be sceptical regarding the overall effectiveness of sanctions in moving claimants into work (as opposed to moving them off the benefit). The overall effects of sanctions are discussed in greater detail in Section 4.2.7 below, in relation to WP.

The Work and Pensions Committee initially received evidence relating to their inquiry into *Incapacity Benefits and Pathways to Work* ‘cautiously welcoming’ reforms to the WCA as ‘one of the more radical and welcome elements’ announced in the green paper (WPSC, 2006: 25). The inquiry highlighted the inadequacy of the existing PCA with respect to mental health conditions in particular, expressing hopes that this could be improved (2006: 29-31). However while welcoming the redesign, organisations representing people with mental health conditions and disabilities explicitly ‘warned that it would not be successful unless all stakeholders were involved from the outset, rather than consulted at a secondary stage’. The Committee reports that an ‘expert panel’ of health professionals was put together to formulate policy options for PCA reform; disability organisations were then consulted on these a month or so later (2006: 37-8). The government confirmed this in its response to the Committee, stating that: ‘given the limited time available to carry out the review of the PCA, the detailed work is being taken forward by a number of small groups, comprising mainly medical, healthcare and other technical experts’ (DWP, 2006b: 8). This suggests that disabled peoples’ organisations were of secondary importance in the development of the WCA.

Since its initial implementation there have been a number of reforms to ESA. In July 2008, the green paper *No-one Written Off: Reforming Welfare to Reward Responsibility*
set out plans to migrate all existing claimants from Incapacity Benefit onto ESA and announced more regular re-assessments (every two years, at maximum) (DWP, 2008a: 69-70). The green paper also introduced greater conditionality for the Work-Related Activity Group (2008a: 75). No-one Written Off also announced administrative reform, including plans to extend contracting out to the voluntary and private sectors in the provision of welfare-to-work programmes that drew on the recommendations of the Freud report (see Sections 4.2.6 and 4.2.7 on ND and WP). It was suggested that ESA claimants would be funnelled towards new programmes developed under this model, with three pathfinders starting in 2010 and two more in 2011. These developments were confirmed in the December 2008 white paper (DWP, 2008b: 86). The white paper also announced a review of the WCA to ‘better take account of peoples’ adaptation to their conditions’. This was expected to result in a 10 percentage point increase in the number of people found ‘fit for work’ and thus transferred straight to JSA (2008b: 87).

During consultation, the Disability Alliance group of charities and user groups had raised concerns about whether this review was premature, suggesting that changes were being undertaken without sufficient evidence on whether increasing conditionality would help disabled people back into work (Kennedy and Morgan, 2009: 47).

There are two further notable points regarding the recent budget allocated to ESA and the financial constraints on it. Firstly, contributory ESA is now time-limited to one year for those in the Work-Related Activity Group. The DWP’s impact assessment discusses this within the context of ensuring that reduced social security spending is targeted on those ‘most in need’, in addition to ‘creating a culture that does not allow people to stay permanently in the Work-Related Activity Group’ and aligning contributory ESA with contributory JSA (DWP, 2011b: 1). It is estimated that this move will save £1.2bn per annum by 2014/15 (DWP, 2011b: 6). Secondly, the Work and Pensions Committee has identified concerns over pressures faced by the main contractor (Atos) to find people ‘fit for work’, thus reducing spending on the benefit. Atos is paid per satisfactory assessment, regardless of the outcome of the assessment (WPSC, 2011a: 27-28). No such formal targets exist: however, the Committee raised the possibility that assessors might feel that targets exist owing to the way that outcomes are monitored based on statistical norms. While pointing out that this is very difficult to assess, the Committee did warn that the DWP ‘should be alert to the risks which norms-based monitoring may create in
4.2.6 The New Deal

The New Deal (ND) was launched in 1998 by the incoming New Labour government. Originally it was envisaged that the ND would only run for the duration of the parliament (1997 to 2002), but in 1999 the Government announced that it would form a permanent feature of welfare-to-work strategy (NAO, 2002: 8). It built on active labour market policies dating back to the previous Conservative governments, such as the introduction of RESTART in 1986 and the introduction of Jobseeker’s Allowance in 1996. The ND comprised different strands aimed at different unemployed groups. These included young people aged 16-24 (NDYP), disabled people (NDDP), the long-term unemployed (NDLTU) which later became New Deal for people aged over 25 (ND25+), and older people (ND50+). In accordance with the priorities of INSPIRES, this section focuses on the programmes for young people, disabled people and older people. In 2009 the NDs began to be phased out as the Flexible New Deal (FND) came into operation. Following the formation of the Conservative-Liberal Democrat Coalition government in 2010 all NDs and the FND have been cancelled and replaced by the Work Programme.

The NDYP was foreshadowed in New Labour’s 1997 election manifesto. The party stated that it would ‘get 250,000 young unemployed off benefit and into work’, funding new welfare-to-work programmes via a windfall levy on the newly privatised utilities (Labour Party, 1997). However alongside NDLP, NDDP and NDLTU, NDYP was formally announced in Chancellor of the Exchequer Gordon Brown’s July budget speech that year. In 1998 the green paper *New Ambitions for Our Country: a New Contract for Welfare* was published, filling in details on the various ND schemes (DSS, 1998: 24-27). The NDs were innovative in that they targeted support towards different groups depending on their varied needs. They also represent the first large-scale move towards ‘new welfare’ in the UK, being focused on providing ‘positive assistance, not just a benefit payment’ (DSS, 1999: 84) and addressing supply-side barriers to work.

NDYP was the largest of the ND schemes. It offered young people who had been unemployed for six months or more four options: a job with an employer, work with a voluntary organisation, work on the government’s environmental task force or, for
young people without basic qualifications, places in full-time education or training. The ‘fifth option – to stay at home on full benefit’ (Brown, 1997) would not be available since failure to engage with NDYP would lead to disqualification from benefits. A total of £3,150 million was allocated to it between 1997 and 2002 (Jarvis, 1997: 13). NDYP was launched in twelve ‘pathfinder’ areas in January 1998 and extended nationwide from April 1998. The central formal targets pertained to helping young unemployed people into jobs: other objectives such as improving young peoples’ employability were not easily measured and so specific targets were not set for these (NAO, 2002: 2).

NDDP was the government’s main employment programme for people with disabilities. It was introduced in New Ambitions for our Country (DSS/DfEE 1998). NDDP utilised both the private and voluntary sectors alongside the public sector in the delivery of its two component parts. These were a Personal Advisor Service and ‘Innovative Schemes’ which sought to tackle disabled peoples’ barriers to work with the intention that emerging best practice could then be implemented more widely. Most of the organisations involved in the initial pilot had experience in delivering either employment support or wider support to disabled people – a few had experience of neither (Hills et al., 2001: 38). Both components were piloted from 1998 and extended nationally in 2001. Participation was voluntary during both the pilot and the national roll-out. Following roll-out, NDDP was administered by sixty Job Brokers across the country drawn from the public, private and voluntary sectors.

The strategy for monitoring NDYP and NDDP was set out in New Deal: Objectives, Monitoring and Evaluation (Employment Service, 1998). The DSS invested considerable resources in its monitoring programme. It collected information in the New Deal Evaluation Database on a range of topics including the impact on clients, employers, the overall economy, and the effectiveness of delivery arrangements, from a range of qualitative and quantitative evaluation studies and surveys (Hasluck, 2000: 6). Through this it ‘constantly’ sought to improve the programme (NAO, 2002: 5). When the DSS merged with the DfEE in 2001, the newly-created Department for Work and Pensions also commissioned impact assessments of all of the NDs which were usually carried out within three to five years of their implementation (Finn, 2011).

The ND underwent extensive reform and adaptation before New Labour left office, eventually resulting in the development of the Flexible New Deal (FND). This drew on the recommendations of the Reducing Dependency, Increasing Opportunity: Options for
the Future of Welfare-to-Work report by David Freud (2007). The key recommendations of this report included:

- Shifting focus onto the ‘very hardest to help’ or those suffering from multiple disadvantages, rather than those who would be likely to find work without extra support (2007: 43-44).
- Diversifying the range of welfare-to-work providers by giving greater responsibility to the private and voluntary sectors. The report suggested that ‘there are clear potential gains from [...] bringing in innovation with a different skill set, and from the potential to engage with groups who are often beyond the reach of the welfare state’ (2007: 6).
- A shift to ‘outcome-based’ contracting or ‘payment by results’, both to counter the high costs involved with providing this kind of support and to ensure that contractors were achieving adequate results (2007: 51-52).
- A ‘black box’ approach in which providers have substantial freedom in structuring and delivering their programmes to decide ‘what works for them’ and the jobseekers for whom they are responsible (2007: 6). This drew on evidence from international case studies including the United States and Australian models (2007: 46, 127-128), as well from the UK’s ‘Employment Zones’ (2007: 56).

Following publication of the Freud report, the Labour Secretary of State for Work and Pensions, John Hutton, stated that the report ‘presents a compelling case for future reform’. He announced consultation on the extension of the role of the private and voluntary sectors in service provision, on benefit simplification, and on the ‘renewal of the contract of rights and responsibilities’ – especially with regard to lone parents (Wintour, 2007). However, a leaked letter made clear that the Treasury believed that at this point it was ‘not possible to develop or pilot a new funding model in the immediate future’ (Wintour, 2007). Hutton was replaced by a new Secretary of State, Peter Hain, later in 2007. A new green paper, In Work, Better Off: Next Steps to Full Employment was then published (DWP, 2007a). This contained a specific goal to increase employment amongst vulnerable groups, including disabled people. It also indicated an intention to remove the ‘rigid’ distinction between the various NDs, moving towards a more integrated system.

In accordance with this a further paper, Ready for Work – Full Employment in Our Generation, was then published (DWP, 2007b). This announced the introduction of a single ‘gateway’ within the NDs with intensive support after six months (or from the first day of a claim for those who face the most challenges in moving into or staying in work). Ready to Work also announced an intention to refer those who were still claiming
JSA after twelve months for up to a year of intensive support with a specialist provider, after which they must either find employment or undertake a period of mandatory activity.

In July 2008, following another reshuffle and change of Secretary of State (this time to James Purnell), the DWP published the white paper *No One Written Off: Reforming Welfare to Reward Responsibility* (2008a). The Government would implement the recommendations of the Freud report on the role of the voluntary and private sectors in service provision in full, following a set of pilot programmes. This effectively signalled the end of the NDs in their original form. The FND pilots were launched in 2009, with the aim of replacing all existing ND provision.

Within the NDs themselves, one particular area of interest within NDDP given the subsequent experience of voluntary sector providers on the Work Programme (see Section 4.2.7) is the experience of Job Brokers. Part of the NDDP was an experiment in Payment by Results (PbR): Job Brokers were paid a registration fee of £100 per participant signed up to their part of the scheme, followed by outcome-based payments for both job entry and sustained employment (Stafford, 2003). An early evaluation commissioned by the DSS indicated a widespread feeling amongst Job Brokers that ‘payment levels were too low and targets too high given the amount of time and support that clients needed, and some felt that their organisations were carrying too much of a financial risk’ (Corden et al. 2003: ii). This, in turn, impacted on the quality of service received by clients as it encouraged ‘creaming and parking’, or placing those clients who were ‘job ready’ into work rather than investing time and resources in those who required more intensive help. Accordingly, Job Brokers suggested that payment levels should be increased, that extra support should be provided in the early days of a contract, and that payments should be made for interim steps in helping a client into work (Corden et al. 2003). As explored below, these problems are very similar to those which have emerged during the implementation of the Work Programme for disadvantaged groups, suggesting a failure to learn from past experiences in this area.

The NDs were implemented against a backdrop of falling unemployment in the UK and this makes it easy to exaggerate their efficacy in helping people find work. Nonetheless, McKnight (2009) suggested that: ‘it would be difficult to refute the claim that employment has been one of Labour’s big success stories’ and, further, that ‘it is hard to
argue that the sustained fall cannot be, at least partly, attributed to Labour’s management of the economy and labour market policies’. As the largest and most structured of the ND programmes, evidence on the efficacy of NDYP is relatively plentiful. In the early 2000s much of this was positive. One analysis suggested that when its effects were isolated, NDYP increased outflows from JSA into employment by five percentage points, representing a twenty per cent increase (van Reenan, 2004: 463-464). Riley and Young (2000: 2) state that in the first two years of the programme: ‘a little over 200,000 young people left unemployment earlier than they would have done without the programme’, with 60,000 of these moving directly into work. They also found that the main positive impact of the programme was on the length of time that claimants spent in unemployment, which was reduced (2000: 16-202). However these gains and the improvements in the youth unemployment rate became less marked after the mid-2000s, when youth unemployment plateaued at around 10 per cent. By 2008 youth unemployment was at the same level it had been before the NDYP was introduced (McKnight, 2009), and it has since risen sharply to 19 per cent (Redden, 2013: 11).

The initial evaluation of ND50+ was also quite positive. The programme seemed to have improved ‘significant numbers’ of participants’ motivation to find work, and participants often reported increased confidence in their ability to work even where they did not actually move into work as a result of the programme. Job outcomes had also been encouraging, although they were better for younger participants, women, and those who had a strong employment history prior to entering the programme (Atkinson, 2001: 32-35). Again, therefore, it is important not to erroneously overstate the impact of the programme, set against the likelihood that participants might have moved into work anyway. Since 2008 the unemployment rate for people aged 50+ has risen much less than for young people, currently standing at around 5 per cent – however, it should be borne in mind that workers in this group are much more likely to be economically inactive than unemployed and seeking work (Redden, 2013: 11-13).

NDDP also delivered broadly positive results. Take-up of the programme was very low, at just 3.1 per cent of those claiming qualifying benefits and, unsurprisingly, was most likely amongst those who felt that they were well enough to work and were already motivated to look for employment (Stafford et al. 2007: 2-3). Of those who registered for NDDP between 2001 and 2006, 43 per cent found paid work and the percentage finding
work increased in each year that the programme ran (Stafford et al., 2007: 7). 57 per cent of work outcomes were classified as 'sustained employment' lasting thirteen weeks or more (Stafford et al., 2007: 9). As with ND50+, it is not clear from the evaluation how many would have found work without the programme, and the small number of participants makes this harder to establish than for NDYP. Also, as with ND50+, participation in NDDP was associated with personal benefits such as improved confidence and increased work expectations amongst participants. Gemma Hope of the Shaw Trust explained that such outcomes are of great importance to enhancing disabled peoples’ position within the workforce, stating in an interview for this project that: ‘it is vital that disabled people are able to make progress and get an opportunity’, and that being able to doing so would enhance their ‘self belief’ and ability to work in future. However, Stafford et al. (2007: 10) are wary about attributing such outcomes to NDDP directly. Additionally, as Nigel Meager of the Institute for Employment Studies explained in a further interview, such policy approaches do nothing to address employer concerns about employing disabled people, being entirely focused on the supply side. This is a criticism that could be made of all of the NDs, but the problem is likely to be more acute for disabled people without a history of employment.

Some broad caveats on the success of the NDs which apply to all of the programmes emerge from these evaluations. Finn (2011) summarises these. The NDs tended to work best for JSA claimants with a history of steady employment and less well for claimants with no employment history or a history of unstable employment, or those with low qualifications. This was true across all three groups discussed. Part of the reason for the decline in success after 2005 was therefore due to the presence of a core of difficult to place claimants for whom the NDs did not prove very effective. This was a particular issue within the compulsory NDYP. Employment Zones proved rather more effective in helping these claimants, which is reflected in the drive to expand this model through the Work Programme and FND. There were also concerns about ‘recycling’ of claimants: of the average 2.4 million new JSA claims per year around two thirds were repeat claims, highlighting wider problems with job retention for those claimants who did move into work through the NDs. More broadly the Leitch Review of Skills, commissioned by the New Labour government, found that there was insufficient linkage between the ND infrastructure and in-work support such as the Train to Gain programme. This meant that many of those who did move into employment (particularly claimants without a
substantial employment history) found themselves trapped in low-paid, low-skilled work, which is often also less secure (Leitch, 2006: 51).

4.2.7 The Work Programme

The Work Programme is the flagship employment programme of the Conservative-Liberal Democrat Coalition government. It replaced all of the NDs and the FND from 2011. It also replaced Pathways to Work, which was an employment programme for disabled people. Although ministers have unsurprisingly been keen to stress the novelty of the programme, it exhibits considerable continuity with the FND. This is in part due to its development trajectory which stems from the recommendations of the Freud report and builds on the experience of Employment Zones. However there are also some areas of change around implementation. Notably, the pace of change has been accelerated. WP was rolled out nationally from 2011: there has been much less in the way of piloting than was planned for the FND. This has been justified with reference to the financial crisis and economic downturn and appears to be partly the result of increased pressures on the welfare budget. Given the increase in conditionality that the Work Programme represents in conjunction with the changes to ESA discussed above (and ultimately with the Universal Credit Claimant Commitment), disabled people are likely to be particularly affected by its implementation.

As noted, the Work Programme draws strongly on the recommendations of the Freud report. While New Labour’s moves towards accepting the recommendations of the report were somewhat hesitant, the Conservatives appeared to embrace the idea of reform more wholeheartedly. In early 2008, Conservative leader David Cameron and Chris Grayling (then Shadow Minister for Employment) announced that the Conservatives would pursue: ‘increased conditionality; more rigorous assessments [and] expanded payment by results for the private and voluntary sector’ (Haddon, 2012: 4). These proposals went on to form the backbone of the Conservative Get Britain Working policy paper (2009). They were also discussed in Work for Welfare (2008). Around this time, centre-right Conservative think-tanks had also begun developing extensive research on related issues. Policy Exchange looked into international experiences of contracting out (Lilley and Hartwich, 2008). The Centre for Social Justice, while not
focusing on welfare-to-work services specifically, also strongly advocated greater use of the voluntary sector in delivering services and produced reports on this topic (2007). One of the intentions of the Work Programme was to allow smaller voluntary organisations with specialist experience with particular groups to be involved in service delivery. This was on the basis that these organisations were likely to be able to offer more effective and personalised help than large, state-led programmes. Early indications suggest that the funding structure, which is based on Payment by Results (PbR) has caused some difficulties in this respect, with the WP experience reflecting similar problems to those emerging from earlier experiments with PbR in welfare-to-work service delivery: for example in relation to Pathways to Work and the role of Job Brokers within NDDP (DWP, 2008; see Section 4.2.6, above). A DWP-commissioned report notes that: ‘existing evidence on PbR models suggests that wholly outcome-contingent contracts are often less suitable for clients with multiple barriers to employment’ (Foster et al., 2014: 28). Gemma Hope, Head of Policy and Research for the Shaw Trust agreed with this in an interview for INSPIRES, suggesting that such a model was unsuitable for people with disabilities in particular.

Understanding these problems requires considering the structure of Work Programme in more detail. There are a total of 40 Work Programme contracts across Britain, split between eighteen ‘prime providers’. The primes then use subcontractors to deliver services. There are two types of subcontractors: ‘tier ones’ who will ‘support participants for the whole of their time’ on the Work Programme, and ‘tier twos’ who will deliver specialist interventions to certain types of claimants. This includes, for example, those with extra needs resulting from disability (McGuinness and Dar, 2014: 15-16). The use of PbR within the Work Programme requires primes to hold the necessary financial resources to meet the required outlay. Consequentially fifteen primes are private companies, one is public sector, one is voluntary sector and one is mixed voluntary and private (DWP, 2013a). The speed of implementation compounded the difficulties faced by the voluntary and community sectors in tendering for prime contractors. The National Council of Voluntary Organisations suggested that this gave such sectors less time to develop ways of working around the funding requirements, such as through establishing consortiums (NCVO, 2011: 3). As of December 2014, 806 subcontractors are working on the 40 prime contracts (Foster et al. 2014: 23).
Approximately two in five come from the voluntary sector, and three quarters of those are tier two only (McGuinness and Dar, 2014: 15).

The way that PbR has been used within the Work Programme has been identified by voluntary and civil service representative groups as causing their members significant difficulty. They are receiving significantly fewer referrals than anticipated. This impacts on the financial viability of contracts (NCVO, 2011; Kerr, 2013), as such organisations are less able to absorb these financial losses than larger, private organisations (AVECO/Shaw Trust, 2013: 8). Additionally, voluntary and civil society groups also broadly feel that primes are not passing on sufficient up-front ‘attachment’ fees to their subcontractors (Kerr, 2013: 27; AVECO/Shaw Trust, 2013: 9). Since payment is made when a participant in Work Programme moves into sustained employment, this leaves subcontractors struggling to provide appropriate support in the interim period. One attempt to address this within the initial implementation of Work Programme involves a differential pricing model whereby placing a claimant with multiple barriers to work is associated with a higher payment. However the DWP’s most recent review of the programme comments that this has had ‘little impact in driving provider behaviour’ and that the costs of support often exceeded the payments available. As such, ‘both inside and outside the supply chain, providers suggested a need to review the Work Programme financial model’ (Foster et al., 2014: 28).

Following the crisis and economic downturn, the Conservatives re-iterated the need to push ahead with reform of welfare to work. Get Britain Working argued that the ‘jobs crisis’ would require ‘a change in economic policy and a shift in culture to entrepreneurial activity’ (Conservative Party, 2009: 4), and that: ‘coming out of the recession with a skilled and ready workforce will be essential if Britain is to remain competitive’ (2009: 9). In the meantime, ‘everyone who is able to will be expected to prepare to return to work’. The downturn was presented as an ‘opportunity to train young people and solve the problem of underlying worklessness’ (ibid.). Plans for Work Programme thus emerged from the crisis essentially unchanged. An obvious criticism here is the lack of innovation: this is a programme that was conceived in ‘good times’ and it was not altered to deal with changing circumstances on the ground. It appears that little attention was paid to evidence suggesting that ALMPs such as Work Programme often perform badly in poor economic circumstances, both in terms of
getting people into work and reducing poverty (Lee, Slack and Lewis, 2004; van den Berg, 2002; Cherlin et al. 2002).

The extended use of sanctions is a central innovation within the Work Programme. Although sanctions were used to a limited extent as part of ND, their usage has increased considerably since the introduction of enhanced conditionality via Work Programme in 2011, and the Claimant Commitment introduced in the Welfare Reform Act (2012). A chart showing the overall levels of sanctions for ESA is given above (Chart 4.2.3), and for JSA below (Chart 4.2.4). The legislation to extend the scope of sanctions was introduced as part of the Welfare Reform Act (2012) in relation to the new single working-age benefit, Universal Credit. Sanctions can be applied for a number of reasons unrelated to Work Programme such as being sacked for misconduct or failing to take up an offer of paid work. However in 2013, claimants on the Work Programme who had failed to meet their conditions of entitlement comprised 90 per cent of those referred for sanctions. Of these, 28.7 per cent resulted in a sanction being applied (Oakley, 2014: 7). As already noted, much of the current research on the use of sanctions applies to JSA claimants (Oakley, 2014). There is less information available on sanctions applied to ESA claimants. However, the Work and Pensions Committee has articulated great concerns from groups representing ESA claimants regarding the level of sanctions and the extent to which these are matched by effective employment support, as well as concerns over the broader efficacy of conditionality in promoting employment (WPSC, 2015a: 44-46).

The evidence on whether sanctions work in terms of helping people back into the labour market is very limited. The Universal Credit impact assessment states that sanctions ‘play a vital role’ in making claimants comply with work-related requirements, and that: ‘research shows that compliance with requirements, for example, active job search, increases the chances that claimants find work more quickly than they would otherwise’ (DWP, 2012a: 32). However this is not in itself evidence for the effectiveness of sanctions: rather it supports the unremarkable conclusion that people who look for work are more likely to find it. One report on JSA sanctioning between 2005 and 2014 found that over the entire period, each 100 adverse sanctions decisions (where a decision was made to stop payments) was associated with approximately 24 fewer people on employment benefit. Since 2011, this has increased to 42 fewer people on benefit per 100 sanctions. Only about 20 per cent of those who left had found work: the remaining 80 per cent left for reasons unspecified as pertaining to employment (WPSC,
As one witness, Professor Robert Stuckler, explained to the Committee (2015b: 36):

We also looked to see if we could find an effect on employment rates of sanctioning across local authorities and did not find it, so that led us to the conclusion that sanctions appeared to be driving people off benefit, but few returned to work. This suggests that increasing the use of sanctions might be quite an effective way to respond to pressures on welfare budgets, but is less effective as a means of improving labour market outcomes for jobseekers.1 Additionally, ALMPs such as the ND and Work Programme are founded on the assumption that maintaining proximity to the labour market will help to improve employment prospects. If sanctioning within these is pushing people away from benefits and the programmes associated with them (but not into work), this would appear to partly undermine the goals of such programmes in terms of maintaining proximity.

1 However, this could also prove to be quite a short-term approach to reducing spending. Exiting from benefits can place unemployed people in ‘a highly precarious, vulnerable situation’ in which they ‘interact with highly costly social institutions—hospitals, jails, homeless shelters, emergency food banks and shelters—which can cost more, net, to taxpayers’ (WPSC, 2015b: 37).
There are a number of possible reasons for the introduction of sanctioning aside from the argument that they help people get into work which appears, on the evidence above, to be based on limited understanding. Another element of explanation includes financial savings. Although DWP publishes statistics on the number of sanctions it applies, at what level and for what duration, it is not possible to deduce precise amounts saved from this. An estimate for young people aged 18-24 (who are eligible for the lower rate of JSA, at £57.35 per week) suggests that sanctions saved around £180 million from October 2012 to June 2014. For those over 25 (paid £72.40 per week), approximately £330 million was saved (DWP, 2014b). The total of around £510 million saved over almost two years is not a huge amount within the scale of the DWP’s budget: it is more, however, than the amount saved annually by other high-profile DWP reforms in the 2010 to 2015 parliament such as the household benefit cap (Wilson, 2014).

There is also an element of electoral positioning, combined with the influence of party ideology. Support for harsher treatment of unemployment benefit claimants is generally quite high amongst UK voters (Taylor-Gooby and Taylor, 2015) and the Conservatives in particular have sought to link sanctions to a reciprocal and desert-based concept of ‘fairness’ within the welfare system, expressed frequently through the statement that claimants must not be allowed to received ‘something for nothing’ (Cameron, 2011; Duncan Smith, 2010a). Alongside financial pressures, this can account for the acceleration in the use of sanctions and the tightening up of regulations on this. This could perhaps be identified as an innovative element of the Coalition’s approach to
employment policy. While New Labour had supported moves towards greater conditionality in receipt of benefits, the extension of the sanctions regime did not form a significant part of their pre-2010 programme as it did for the Conservatives (Conservative Party, 2009; 2008).

4.2.8 National Minimum Wage

The NMW was introduced by the New Labour government in 1998 following its inclusion in the party’s 1997 election manifesto. It came into effect in 1999. The rate at which it is set is reviewed annually by the Low Pay Commission, also established by New Labour in 1997. Currently there are four different rates. The highest is for adult workers (aged over 21) with declining rates for 18 to 20 year olds, under 18s who have finished compulsory education, and apprentices.

The topic of a NMW moved onto the political agenda in Britain in the 1980s. Initially trade unions were sceptical of the idea, thinking that it might lead to job losses and would also undermine unions’ role in pay bargaining. A report by the Institute for Government suggested that the National Union of Public Employees led the campaign for it within the union movement, while the Low Pay Unit think-tank was responsible for leading the way within policy circles (Institute for Government, 2011: 62). Following the inclusion of a pledge to support the NMW in the Conservative Party’s 2005 manifesto (2005: 4), the policy is now supported by all main parties in Britain. This is considerably due to the work of the Low Pay Commission, whose remit has been to ‘implement a single labour market innovation, and maintain it indefinitely’ (Brown, 2002).

In 1984 and 1985, the Scottish Trade Union Congress and the national Trade Union Congress respectively passed motions supporting the introduction of a NMW. Labour also passed a conference motion supporting the NMW in 1985, and in 1992 committed to introducing a minimum wage in its election manifesto. The broader context for this change are the reforms to trade unions enacted by the Thatcher administrations of the 1980s. These included reduction in the scope of Wage Councils (which had previously been responsible for wage bargaining) and, more significantly, the decline of collective bargaining. Labour market reforms in this period also saw an increase in wage inequality and in the number of people living in low income households (Machin, 1997; Gosling and Lemieux, 2001). The introduction of the NMW could be read as confirming the irrelevance of collective bargaining within the UK economy.
However, the initial pledge in 1992 was not well received. The Conservative Party was very hostile to the idea: Michael Howard, future Conservative leader and then-Secretary of State for Employment, claimed that it could result in the loss of up to 2 million jobs (Lourie, 1995: 4). Media reporting on the idea was also quite hostile. Part of the hostility was due to Labour having not only proposed introducing the minimum wage, but also having committed setting the level of it. The level that Labour had proposed would have been the highest in Western Europe (Institute for Government, 2011: 36).

Between 1992 and 1997 a number of changes occurred which contributed to the development and viability of the policy. Academic research on the topic began to refute negative assumptions about the impact of minimum wages. Key publications drawing on the US experience suggested that fears of job losses were unfounded. For example, Card and Krueger (1995) argued that minimum wages in other contexts had led to ‘increases in pay, but no loss in jobs’. Later, Dickens, Machin and Manning (1999) analysed the effects of Wage Councils in Britain and found that minimum wages did not decrease employment, offering further country-specific reinforcement for the policy. The Institute for Government suggests that this work was essential in ‘breaking down the opposition amongst the newspaper commentariat’ (2011: 63), which had been marked in 1992.

Within the Labour party, the former leader, John Smith, launched the Commission on Social Justice following the 1992 election loss. This was an independent body within the Institute for Public Policy Research (IPPR) a centre-left think-tank that was highly influential in the development of New Labour policy (Bentham, 2006). The Commission’s final report endorsed the NMW (CoSJ, 1994). In 1995, Labour committed itself to establishing the Low Pay Commission (LPC) if it won the general election in 1997 with a view to introducing a minimum wage. An important difference between this and the previous general election promise was the plan to introduce a framework for the policy rather than a prescriptive level. The actual rate would be advised by the LPC. Shortly before the 1997 election the IPPR published Promoting Prosperity: a Business Agenda for Britain. This garnered significant media attention, and the IPPR credits it with ‘[cementing] business support for policies such as the minimum wage’ (1997) However, the Chair of the LPC at its inception, Sir George Bain, noted that at the point of introduction much of the business community was still ‘roundly opposed’ to the NMW (quoted in Resolution Foundation, 2014: 5).
The preparatory work undertaken in opposition was essential in allowing New Labour to present a convincing case for the NMW in 1997, and ultimately to enabling its rapid implementation. The LPC was established shortly after the election victory and published its first set of recommendations in 1998 (LPC, 1998): thereafter, it has reported annually. The National Minimum Wage Act received Royal Assent in July 1998, confirming the LPC on a statutory basis.

The NMW was developed quite differently to the other innovations discussed in this report. There was less emphasis on the process of seeking evidence submissions and holding formal hearings regarding the policy. In part this reflects the lack of evidence available for the UK at the point of implementation: much of the government’s own evidence base for the policy was drawn from other countries that had already introduced minimum wages (Brown, 2002: 597).

The LPC used a social partnership model to inform its recommendations. This was because in order for the recommendations to carry weight it was important that they were perceived as legitimate by both the workers affected by the legislation and their employers. Reflecting this imperative, members of the LPC were (and continue to be) drawn from a range of backgrounds: it comprised three members from an employer background, three from a trade union background, and three academic specialists (one of whom is the Chair). For its initial report, the LPC received ‘nearly five hundred written submissions, and took oral evidence from a wide range of representative organisations’. It also visited over sixty locations in the UK to hear from ‘small firms, rural businesses, local outlets of national companies, low-paid workers, the unemployed, and some operating on the fringes of the formal economy’ (LPC, 1998: 23). The LPC has replicated this model in its subsequent reports.

In 2014 a report by the Resolution Foundation think-tank suggested that ‘the late 1990s settlement that served the policy so well in its first fifteen years falls short of what is now needed’ (2014: 7). Fears about mass unemployment as a result of the policy had proven unfounded: however concerns remained that the effect on low pay had not been as extensive as it could have been, owing to the cautious way in which the policy was implemented. While necessary at the time of implementation, the Resolution Foundation report suggested that it was now time for a more ambitious approach to low pay. This coincided with the former Business Secretary, Liberal Democrat Vince Cable, pressing for an above-inflation increase in the NMW (Wintour and Watt, 2013), followed by an
announcement from the Conservative Chancellor George Osborne that an increase to £7 per hour might be possible (Wright, 2014). The LPC itself also considered means through which faster NMW increases could be achieved (LPC, 2014a). However, it is as yet unclear what steps will be taken as a result of these interventions.

Low pay is a particular problem for some of the vulnerable groups that this report is concerned with, including disabled people and young people (1998: 37-39). From 2007, the LPC also began regularly reporting on the effect of the NMW on migrant workers (LPC, 2007: 224).

Prior to the introduction of the minimum wage, disabled people were disproportionately working for less than the level at which it was initially set (£3.60 per hour). Since its introduction, disabled people are still more likely to be working in minimum wage jobs: the most recent evidence shows that 10.9 per cent of jobs held by disabled workers are paid at the minimum wage, compared to 7.8 per cent for non-disabled workers (LPC, 2014: 29). This is due to a combination of factors including discrimination by employers, overall lower levels of qualifications amongst disabled people than their non-disabled counterparts, and the concentration of disabled people in low skilled or manual occupations (Meager et al., 1998). All of these factors correlate with lower pay. As such disabled people potentially stood to gain from the introduction of NMW.

However due to rules around disability benefits and the interaction of these with earnings, the NMW did not always increase disabled peoples’ income as effectively as it might have done (Schneider, Simons and Everatt, 2001). Moreover, the LPC found that some disabled people were reducing the hours that they spent in work in response to the NMW in order to avoid earning over the disregard threshold that would lead to a loss of benefits (LPC, 2005: 125-125). This clearly sits uneasily alongside moves to encourage disabled peoples’ integration in the workforce.

There were also some suggestions that disabled people might be disadvantaged by the NMW. Some disabled workers have lower productivity than their non-disabled, or different disabled counterparts, leading to concerns that the minimum wage might price them out of the market (Burchardt and McKnight, 2003: 3). The LPC rejected the idea of an exemption to the NMW for disabled people from the outset, stating that:

There are compelling arguments for treating disabled workers in the same way as other workers. To do so recognises the value of disabled workers to employers and supports a culture of social inclusion. Moreover, for those people with severe
disabilities that limit their productivity, the Government funds the Supported Employment Programme which helps employers recruit and maintain these workers in jobs.

As such, there was ‘no question’ about disabled people being eligible for the NMW (LPC, 1999: 66). Despite this, the subject of exempting disabled people from the NMW has been broached in recent years, notably by the Conservative MP Phillip Davies (Stratton, 2011) and the Conservative Minister for Welfare Reform (and author of the Reducing Dependency report), Lord Freud (BBC News, 2014). The government clarified in response to Freud’s comment that this was not its policy.

Some early studies of the NMW indicated that these concerns might be founded. For example, Burchardt and McKnight (2003) were unable to rule out a ‘small negative effect of the NMW on employment retention among low paid disabled employees’, although they emphasised that even if this was the case it does not imply that disabled people should be exempt from the NMW. Instead they highlighted the importance of AtW in supporting disabled people in mainstream employment and of supported employment schemes such as Remploy for those whose productivity is limited, as well as a need for better enforcement of disability discrimination legislation. As several interview partners for this project suggested, disability discrimination legislation generally works to the advantage of those who are already in work, making it harder for employers to end their contracts: as such, better enforcement of legislation might also need to pertain to the pre-employment stage. The LPC has since stated that it ‘seems clear’ that disabled people have ‘not been further disadvantaged in terms of employment and unemployment since the introduction of the minimum wage, nor as a result of any of the subsequent upratings’ (2005: 108-109). It also found that uprating within the context of the recession had not adversely affected disabled people disproportionately (LPC, 2010: 92; 2014b: 89).

Similar concerns and benefits of the NMW were raised for young people as for disabled people, particularly with regard to its potential effect on employment levels. As a result the NMW was introduced at a lower rate for workers aged 18-21 (£3.00). Currently it stands at £5.13 for workers aged 18-20, while the full adult rate for workers aged 21 or over is £6.50. Interviews for this project suggested that this was a source of dissatisfaction for some young workers. As James Cathcart of the British Youth Council explained: ‘young people feel a sense of injustice that there are two different rates – which could be paid for the same hours work’. However, the lower minimum wage for
younger people remains in place. Additionally, the first three reports of the LPC recommended that young people aged 16-17 should be exempt from the minimum wage. This was on the basis that 16-17 year olds ‘form a distinct segment of the labour market, preparing for working life, rather than being full participants in the workforce’. However, having become concerned that some full time jobs were offering ‘extremely low rates of pay’ combined with a lack of training or development, the LPC subsequently proposed a minimum wage for this group (LPC, 2004: 27). The minimum wage for under-18s was introduced at a further lower rate in 2004. In 2010, a further lower rate was introduced for apprentices (Pyper and McGuinness, 2014: 3).

Amid weak economic growth and a further expected downturn in the years ahead until 2013, the NMW for young people and apprentices was frozen in 2012. This was broadly in line with the proposals of employers, a large number of whom also called for a freeze in the adult rate (LPC, 2012: 139). It was supported by the government: Conservative Business Minister Matthew Hancock argued that: ‘there is evidence that in these tough economic times the minimum wage level may have an impact on [young people’s] employment opportunities’ (Third Delegated Legislation Committee, 2012). He continued: ‘the more expensive it is for businesses to employ people, the fewer people can be employed with any given amount of money [...] That argument is reasonable, and it is a question of balancing pay against jobs’. The freeze was resisted by workers’ representatives who argued that a larger than usual increase was needed due to inflation reducing the real value of the minimum wage. The LPC’s report stated that this measure was taken due to the higher sensitivity of youth employment rates to variations in the economic cycle. However it recognised that the extent to which pay was a factor in this was debatable, and stated that the recommendation was made ‘reluctantly’ (LPC, 2012: xiii-xiv).

It is not entirely clear what evidence the government was using in support of its conclusions. It should be borne in mind that Hancock’s argument regarding balancing pay against jobs, while appearing logical, is very similar to the arguments made against the initial introduction of the NMW which subsequently proved to be unfounded. A number of studies have found that the introduction of the NMW and subsequent up-ratings have not significantly affected employment for people of any age group either after the recession (Bryan, Salvatori and Taylor, 2012; Dickens, Riley and Wilkinson 2012) or before it (Dickens, Riley and Wilkinson, 2009; LPC, 2012: 58-59). There is
some evidence of an effect on employment hours for young people (Stewart and Swaffield, 2004). However, other studies have suggested that firms generally adjusted to the NMW by altering pay structures rather than by changing employment terms (Incomes Data Services, 2011). While these are clearly important issues they do not entirely correspond with the government’s reasoning for recommending a freeze. The balance of evidence offers good reason to be sceptical about the potential positive effect that the freeze will have on the employment rates of young people.

Following the substantial increase in migration from Eastern and Central Europe to the UK in 2004, the LPC identified that migrant workers are ‘vulnerable to exploitation by unscrupulous employers prepared to take advantage of their imperfect knowledge of employment rights’ (LPC, 2007: 124). Migrant workers tend to be concentrated in low-paying sectors such as agriculture, food processing or hospitality and are also often employed through agencies, which can represent a further problem area for underpayment (LPC, 2007: 157). Claude Moraes, a member of the British Labour Party in the European Parliament suggested that this problem is compounded in the UK because the Government’s implementation of EU Temporary Agency Work Directives leaves significant scope for the exploitation of migrant workers. Consequentially he LPC has repeatedly recommended that the government needs to expend greater effort in ensuring that migrant workers are aware of their rights. This remains a concern, particularly in light of increasing evidence of the problems faced by migrant domestic workers which go far beyond low pay and resulted in the introduction of the Modern Slavery Bill (Home Office, 2014). The Government has responded by putting in place a number of information campaigns and support strategies aimed specifically at migrant workers (LPC, 2008: 97; 2011: 93).

Since 2008, the LPC has considered the impact of the NMW on the job prospects of migrant workers, and whether and how this has altered during the recession. The evidence that it received strongly suggested that the existence of the NMW did not adversely affect migrants’ chances of finding work (2008: 113). Overall it found that migrant workers had not fared worse than UK nationals following the economic downturn. However the impact was varied between migrant workers, with those from Asia tending to fare better than others (LPC, 2010: 98).

The financial crisis has led to a number of concerns around the NMW re-surfacing, as indicated, particularly with respect to its impact on the labour market position of young
people. These echo the concerns voiced by some business sectors and the Conservative Party prior to its introduction which have proven to be unfounded. Despite these there is no concrete indication as yet that any party is considering removing the NMW from this group or any other (although given that the 2015 election only took place in May, this is not entirely surprising). Overall the NMW has proven to be a well-supported policy which can be closely linked to its means of development and implementation, and which has brought about improvements for vulnerable groups’ positions in the labour market without any substantial trade-off in terms of jobs available.

4.2.9 Overview of innovations in relation to key variables

From the discussion of five individual innovations above, it is clear that a number of decisions that are made during the development and implementation of policies may impact on their effect on labour market resilience for the groups that INSPIRES is concerned with. These key variables broadly cover firstly the methods of development and implementation, secondly the experience of application, and thirdly the on-going process of reforming or up-dating innovations. An overview of the UK’s characteristics in relation to these three aspects is offered in this section.

One notable characteristic of UK labour market policy in terms of development is the role of central government as the initiator of innovations. Usually the relevant department or departments handle the process of initiation themselves: for example, in the case of ESA or the consolidation of the former AtW benefits into one benefit. Where a change of government is involved and the policy is one of a ‘flagship’ nature, the pledge to introduce such policies may remove some of the control from the relevant department in advance of the election. At this point the initiating role of the Secretary of State becomes something of a formality, although he or she does, of course, exercise considerable influence over development and implementation, as discussed below. This was the case with the NMW and NDs, although perhaps less so with Work Programme as the Conservative Minister responsible for it after 2010 also did considerable work on it in opposition (Chris Grayling). This reflects the extensive capacity of party leaderships to influence policy trajectories, which in turn might enhance the close relationship between political strategizing and policy decisions.

Independent think-tanks can also play a role in developing policy. The centre-left IPPR and Demos carried out an important body of work on the NMW which was used by New Labour (Bentham, 2006), while centre-right think-tanks such as Policy Exchange and the Centre for Social Justice also contributed substantially to Conservative policy development leading up to
Such organisations fulfil a particularly important function for parties moving from opposition to government, whose own research capacities are likely to be limited.

The relationship between some think-tanks and parties can be very close. When New Labour moved into government, several key figures within IPPR and Demos also moved in in advisor roles. For example, Demos founder Geoff Mulgan was Prime Minister Tony Blair’s Director of Policy, while IPPR director Matthew Taylor was a Special Adviser to Blair. A similar pattern can be seen between Policy Exchange and the Centre for Social Justice and current leading Conservatives: Policy Exchange Director Neil O’Brien and Centre for Social Justice (CSJ) Director Philippa Stroud are Special Advisers to the Chancellor, George Osborne, and the Secretary of State for Work and Pensions, Iain Duncan Smith, respectively. Moreover, policy-focused think-tanks (or ‘advocacy tanks’ [Weaver, 1989]) on the right in particular have often been founded by politicians themselves. Margaret Thatcher and Conservative MP Keith Joseph co-founded the Centre for Policy Studies, Iain Duncan Smith founded the CSJ, and former Conservative Secretary of the State for Education, Michael Gove, along with MPs Nick Boles and Archie Norman, established Policy Exchange. Linked to this it is often the case that the think-tank research that has the greatest impact is that which is commissioned by parties: for example the CSJ was heavily involved in the Conservative policy review under Cameron, with Duncan Smith chairing a section within the think-tank. As such while think-tanks remain independent, their role in the policy process does not necessarily indicate a significant diversification or opening out of such. The opportunities for groups to get policies from ‘outside’ onto the political agenda remain very much within the control of parties.

After initiation, the policies discussed here were largely implemented in a top-down fashion which is characteristic of the UK system. This allows limited space for the involvement of target groups in initial policy development – and where this is enabled, the conditions of it are also constrained by the terms of the consultation. Opportunities for involvement usually take the form of formal consultations. Thornton (2003: 47) highlights the lack of user involvement in benefits and employment policy design generally in the UK, compared with some other policy areas such as health and social services. There has historically been a lack of outreach activity by the DWP. This means that while ‘ordinary members of the public’ do respond to consultation on an individual basis, there has been little attempt to explain consultations and elicit the views of those affected beyond this (Thornton, 2003: 47-48). This has altered somewhat over the time period in question. The consultation arrangements for ESA in 2008 were rather more extensive than much of what had gone before, with a number of outreach events arranged. This has been
replicated since on other policy consultations (DWP, 2012b). Anti-discrimination legislation has also led to accessible consultation materials being widely produced and available.

However there are still examples of how the formal public consultation process can fall short of expectations. When legislative changes are not involved, consultations are often not carried out. The process is expensive and time-consuming, so pressures on both time and budgets limit the extent of consultation. This has caused some difficulties. For example, changes to AtW in 2014 saw it move from being administered fairly locally via the Jobcentre Plus network to being administered via three regional centres for the whole of the UK, requiring greater reliance on the DWP’s central call-centre. This caused a number of problems for users in accessing the service. The Work and Pensions Committee found that DWP did not consult (or even inform) service users about these changes, causing unacceptable difficulties which could have been identified if users had been consulted (2014a: 36-37).

Additionally, departments are not obliged to take responses to consultations into account. In one sense this is necessary: not all consultation responses will be feasible within the broader policy and political structure, and they may contradict one another. However it can also lead to the marginalisation of significantly shared views. ESA offers an example of this. The consultation found ‘strong opposition’ to the idea of a two-tiered payment system, especially from disability organisations (DWP, 2006b: 13). However, the Government decided to press ahead with this anyway, stating: ‘we feel it is important to make a clear distinction between people who can engage in a programme of activity and those who cannot’ (2006b: 20). The main objection received from disability organisations was that it is not, in practice, possible to make such a distinction. Owing to the power vested in it, it was possible for the Department to effectively ignore dissatisfaction amongst user representatives on this important point.

Beyond the public consultation process, the DWP has also begun to involve programme users in ‘deciding on priority topics and in developing good practice guidance on ways of monitoring user views’ of its programmes (Thornton, 2003: 47). AtW contains an example of this, with a small panel of users advising DWP researchers on research design and the best ways of monitoring users’ experiences. The DWP further committed to ‘working more closely with user-led organisations’, in response to the outcome of a consultation on AtW (DWP, 2011a: 21). However this was framed in terms of achieving financial savings by avoiding the DWP duplicating services that user-led organisations
were already providing (DWP, 2011a: 22-23), rather than in terms of improving the integration of users into the policy process for the benefits it might produce in terms of developing and implementing good policy. Previous experiences in this area have not been encouraging. On ESA for example, organisations representing people with mental health conditions warned the Work and Pensions Committee that proposed changes to the WCA ‘would not be successful unless all stakeholders were involved from the outset, rather than consulted at a secondary stage’. The Committee reported that an ‘expert panel’ of health professionals was put together to formulate policy options for PCA reform; disability organisations were then consulted on these a month or so later (WPSC, 2006b: 37-8). The government confirmed this in its response to the Committee, arguing that time constraints meant that work by ‘medical, healthcare and other technical experts’ needed to be prioritised (DWP, 2006b: 8). This suggests that disabled peoples’ organisations were of secondary importance in the development of this policy. It remains unclear what recent advances have been made in this respect.

Disabled people have also been represented more broadly via non-departmental public bodies such as the Disability Employment Advisory Committee, Equality 2025 and the former Disability Rights Task Force which became the Disability Rights Commission (and has now been subsumed into the Equality and Human Rights Commission). The Disability Employment Advisory Committee closed in 2010 as its functions overlapped with that of Equality 2025 (DWP, 2011c), and Equality 2025 itself closed in 2013. The independent review leading to its closure recommended that advice to the government on disability issues should be provided ‘by a method that will provide expertise supplemented by lived experience’. This would be delivered by an ad hoc expert advisory group and stronger strategic partnerships with disability organisations (Watts, 2013: 4). In July 2013 the Office for Disability Issues launched a further consultation on these issues entitled *Fulfilling Potential: Making it Happen – Better Working with Disabled People* (ODI, 2013), and a response to the findings of this in January 2014 (ODI, 2014). Elsewhere, the Migration Advisory Committee, a non-departmental body sponsored by the Home Office provides analysis of migrant-related issues. Some of this such as *Migrants in Low-skilled Work* (MAC, 2014) overlaps with the issues discussed in this paper.

Viewed within the context of these quite closed decision-making procedures, the NMW and the work of the LPC around this is exceptional, both in the extent of consultation at
initiation and throughout the lifetime of the policy. This can be explained by looking at the context within which the policy was introduced. The other four innovations discussed in this report are, in many ways, similar to one another. They reflect a sustained shift towards supply-side ALMPs, emphasising the importance of employment and enhancing employability, increased conditionality in the receipt of benefits, and ‘activation’ of unemployed people. Even in areas where parties have sought to clearly distinguish themselves from their opponents (for example, on the shift between the NDs and WP), the details of policy are strikingly similar. The differences between the parties on such policies are of degrees: how much conditionality, when, and applied to whom. NMW, however, represented a departure from this trajectory. As such the need to build a wider popular consensus around it was more pressing – particularly as it was potentially unpopular with business. Conversely the implicit main party agreement over large parts of welfare policy renders this kind of dialogue and consensus-building unnecessary or unappealing. That policies which deviate from the norm should require a greater level of consultation and consensus-building is not particularly surprising. However it is worth pointing this out as an example of how the political consensus over much of UK employment policy may act as a disincentive for governments to open out the policy-making process. This is returned to in Section 4.3.

The second variable is how innovations are applied within the UK system. In terms of start-ups and first applications, the role of central government in initiating innovations limits the kinds of strategies that we can identify in the UK. It is entirely up to the government how it launches innovations. In the case of innovations which have required new legislation there might be some kind of pilot study or ‘pathfinder’ initiative. These were carried out for the NDs, for example. However their scope and duration varied. Where they are carried out, formal pilots are usually evaluated in independent reports commissioned by the DWP. It is sometimes unclear how significant the pilots are in shaping policy before it is rolled out: in the case of NDYP, for example, the programme had been rolled out nationally before the final pilot evaluation had been completed.

Such pilots do not always take place and this has drawn the criticism of both user representatives and parliamentarians. For example, no formal piloting was carried out with regard to the new WCA assessment for ESA. Instead, informal piloting in the form of ‘dummy runs’ of the new test next to the existing one took place. The RNIB suggested that this was ‘completely inadequate’ given the substantial change in the way
entitlements would be calculated (Kennedy and Wilson, 2006: 55). Former Liberal Democrat MP Danny Alexander also voiced concerns during the second reading of the bill that the ‘dummy run’ process had been ‘shrouded in secrecy’, and that all testing had been carried out internally by DWP and the private contractor responsible for the tests, Atos (HC Hansard, 9 January 2007). This is a particularly pertinent example because the WCA has garnered much criticism, often inappropriately finding people ‘fit for work’ or putting them in the Work-Related Activity Group when their conditions suggest that they should be in the support group (Litchfield, 2014). A proper pilot might have prevented some of these difficulties. Similarly, Work Programme was rolled out nationally without a pilot in 2011. It built on the experiences of FND and Employment Zones, but the subsequent difficulties with contractors (and the initial poor performance of the programme) suggest that these might not have been an adequate evidence base for a programme of this size and scope (NAO, 2014).

The final variable is the way that policies are reformed and updated, both within and between governments. Reforming and updating of policy innovations tends to take place incrementally and is not particularly sensitive to changes in context. Notably, the UK did not see a significant restructuring of the welfare system around the financial crisis between 2007 and 2008: instead several innovations that had been conceived before the crisis, such as increasing the budget allocated to AtW and altering the NDs (first into FND, and then WP), went ahead as planned. In relation to the welfare-to-work programmes this is particularly interesting and concerning given the subsequent downturn in the jobs market. Even the change of government did not see a significant change of direction on this policy area: the Conservatives continued down the policy trajectory of New Labour, although with a more intense emphasis on individual causes of unemployment and disadvantage (McKay and Rowlingson, 2011). One defining feature of the UK policy-making system, therefore, is its lack of responsiveness to changes in context and the absence of innovation in the face of markedly different circumstances from those in which policy programmes were conceived. This is discussed further in the subsequent section.
4.3 Assessment of the impact of different factors and parameters on the performance of innovations

The UK political system, as indicated, is highly centralised. It comprises a lower chamber (the House of Commons) and an upper chamber (the House of Lords), as well as the devolved Scottish Parliament, and Welsh and Northern Irish Assemblies. Despite the potential for decentralisation of power created by devolution, control over most of the aspects policy discussed in this chapter remains under the remit of Westminster: the DWP and Department of Business, Innovation and Skills (BIS) remain responsible for employment policy in England, Scotland and Wales.2 Within Westminster the Prime Minister and Cabinet hold a considerable amount of power, which is enhanced through the exaggerated majorities that the FPTP electoral system can provide (for example in 1997). The political culture is also highly adversarial. In relation to policy this means that parties are often unwilling to give their opponents’ achievements credit. Conservative literature produced in opposition before 2010 for example portrayed New Labour’s welfare reforms as abject and expensive failures, claiming that ‘for too long, welfare reform has been trapped in a ghetto of technocratic tinkering’, and promising ‘an entirely new welfare system, based on an entirely new culture of responsibility’ (Conservative Party, 2008: 9). Given that UK political parties once they get into government appear to have both the means and motivation to enact significant changes, we might expect changes of government to bring clear alterations in policy.

However the UK is notable not just for its highly adversarial and centralised political culture, but for the level of apparent policy continuity that exists alongside this. This is the reflection of a number of factors. As well as those discussed above concerning the lack of involvement of ‘outsiders’ in the policy-making process, these include a broad political consensus on the issues underpinning employment-focused policy, the existence of significant ‘anti-welfare’ sentiment amongst the UK population, the role of a permanent civil service with responsibility for developing and implementing policy at the highest level, and a lack of systematic evaluation of existing policies. Combined with political cultural issues several of these factors are not conducive to careful, measured policy-making, but neither is there any great incentive or impetus for parties to move beyond established perceived solutions or ways of thinking. The result is a risk-averse approach to policy-making, countered with a strong rhetorical emphasis on ‘newness’ and an important role for party ideology in defining the precise nature of this.

2 The Northern Irish Assembly’s Department for Employment and Learning is its equivalent to the DWP and BIS in England, Scotland and Wales, and fulfils the same functions on a devolved basis.
Consensus on the broad ‘problems’ within and around the UK labour market is quite well-established between the three main parties, demonstrated through the policy innovations discussed in this chapter. Unemployment remains a central concern, particularly with regard to young people, for whom the unemployment rate fell under New Labour initially but rose again following the recession, remaining stubbornly high at 18 per cent in 2013 (ONS, 2014: 8). Policies intended to make unemployment a less ‘attractive’ option to young people (such as through paying lower levels of unemployment benefit, and increasing the conditionality attached to this) are a result of this. Such policies can be traced through both recent governing administrations. Since the introduction of ESA in 2008, there has also been a concern with ‘hidden unemployment’ as it applies to disabled people. This is the rationale behind re-testing all existing Incapacity Benefit claimants (DWP, 2008a and 2008b), which ministers have framed as ensuring that those who are claiming the benefit are still entitled to it and could not otherwise be working (Duncan Smith, quoted in Winnett, 2012). Connected to unemployment, there is agreement on the need to improve skills levels. Within the DWP this has tended to focus on the soft skills that Duncan Smith terms ‘the habits of work’ (2010b), although there is a linkage with broader programmes here as the Leitch report makes clear (2006). Since the crisis, concern with living standards has remained an issue for both parties and this moved up the agenda as the May 2015 election approached. Both David Cameron and the former Leader of the Opposition, Ed Miliband, were keen to blame each other’s party for persistent decline of living standards (Miliband, quoted in Boffey and Gani, 2015; Cameron in HC Hansard, 11 December 2013).

Finally, overarching this, is a concern with the cost of welfare provision. This was not necessarily introduced by the crisis. The failure to extend AtW, for example, might suggest longer-term worries about the costs of adequately meeting need. However the effect of the crisis was certainly to accelerate and compound this issue, particularly in relation to the political capital to made from it: most interviewees for this project agreed that the change of government in 2010 acted as a bigger driver for spending cuts than the crisis itself. The identified need to cut overall public spending led the Coalition government to attempt to reduce the DWP’s budget by £20 billion (NAO, 2011: 5). The Conservative pledge to do so without removing benefits from pensions has been honoured, meaning that the weight of these cuts falls on working-age welfare. The in-
coming Conservative majority government, elected in 2015, looks set to follow a similar trajectory. Given the incrementalism through which UK policy tends to develop and the general aversion to making radical policy changes, this, in turn, may circumscribe what is seen as possible and desirable within the UK welfare system for future governments, even as the effects of the recession begin to fade.

Social attitudes in the UK further feed into inertia within UK employment policy-making. Attitudinal surveys indicate that there is a long-term trend of relatively low support for spending on benefits for unemployed people, which reflect assumptions that benefits are either ‘too high and deter working’, or that they ‘should be restricted because they encourage laziness’ (Taylor-Gooby and Taylor, 2015: 9). There is also significant support for the idea that most unemployed people ‘could find a job if they really wanted one’ (around 60 per cent of people currently believe this, down from a high of around 70 per cent in 2002 – 2003), and around 30 per cent believe that ‘most people on the dole are fiddling in one way or another’ (Taylor-Gooby and Taylor, 2015: 10). ALMPs such as the NDs and Work Programme, which focus on overcoming individual-level barriers to the labour market, provide a good fit with these kinds of attitudes, as does increasing the penalties for not meeting conditions that are attached to the receipt of unemployment benefits. There is also potential cross-over between ‘inactive’ disability benefits and perceptions of fraud and dishonesty within the welfare system more widely, supporting policies in this area which involve increased scrutiny of disabled people’s capabilities with regard to work.

These attitudes feed into party stances on employment policy. They contribute to a tendency, present amongst all three major parties since the recession in particular, to focus on harsher and more punitive policies, rather than ‘softer’, less eye-catching initiatives such as AtW which may provide. The Conservative Secretary of State for Work and Pensions, Iain Duncan Smith, acknowledged: ‘Where Labour get their biggest negatives is when they’re associated with welfare, i.e. they want more of it’ (quoted in Gimson, 2013). Conversely, Rachel Reeves, Labour’s Shadow Secretary of State, pledged that an incoming Labour government would be more ‘tough’ on unemployed claimants than the Conservatives or the Coalition (Helm, 2013).

Attitudes and party responses to these (which may in turn shape and reinforce such social perspectives) help to bolster the lack of impetus for deviating from the established trajectory of policy in this area, and increase the temptation to advocate
short-term fixes. This is especially important if we consider the electoral imperatives faced by the parties that link into this. Within such an environment, proposing policies that move away from the established trajectory not only presents a considerable administrative and operational challenge (as recent experiences with Universal Credit attest to): it is also electorally risky. There are general risks that are present within any highly adversarial system: notably, innovative longer-term policies might not work (providing ammunition for the opposition), or the party that implemented them might be long gone from office by the time they do take an effect, allowing the opposition to take credit. More specifically it would take a confident party to advocate a radical change in approach, involving a break with the current policy trajectory. In 1997, the scale of defeat that the Conservatives were facing was so great that New Labour could have such confidence, and this may help to explain the decision to implement the NMW (and the opening out of policy development that this entailed). However, with trust in politicians very low (Ipsos MORI, 2015) and significant uncertainty preceding the 2015 election (Curtice, 2014), confidence has arguably been in short supply amongst the UK's major parties. All of these factors could help to explain the rather low levels of recent innovation in this policy area, and the tendency to opt for policies that provide 'quick wins'.

A further interesting issue that can be identified within the innovations analysed in this report is the way in which the UK evaluates policies. The extent of on-going evaluation with regard to employment outcomes is often very limited (if, indeed, it is carried out at all). It is therefore difficult to accurately identify the effectiveness of many of the innovations analysed here in terms of their effects on the employment positions of vulnerable groups within the labour market. The exception to this, again, is the NMW, with LPC reports providing consistent and detailed analysis of its impacts and effects. This may further reflect the importance of deviating from usual practices in supporting innovations that move away from the broader ALMP trajectory. Within government, evaluations are carried out for pilot programmes but longer-term data on important aspects of performance is not widely available. We know, for example, how many people come off JSA and ESA (see Section 5.3.1 and 5.3.2). However the UK Government does not provide any robust data on how many of those outcomes reflect a move into employment. Moreover, because ending claims is the main outcome that is monitored, there is a lack of information on how effectively targeted employment programmes
assist the claimants that remain within them (who, in the case of vulnerable groups in particular, might be a long way from the labour market). The clearest example of this paucity of evaluation is AtW. Despite significant support from disabled people and suggestions that extension of the programme could bring a net benefit to the Treasury, no robust cost-benefit analysis of AtW has ever been carried out. This limits the possibility of building a strongly evidence-based policy because the evidence required to do this simply does not exist. Whether this is cause or consequence of the importance of party ideology in identifying problems and defining solutions is difficult to establish. However, the poor evidence base does make it quite easy to denigrate opponents’ policies without simultaneously providing a strong impetus to try something different, especially when we consider the factors already discussed. Hence we find Conservatives attacking the ineffectiveness of the NDs and ending the existing trials of FND in favour of Work Programme, which in practice is not particularly innovative and does not mark a substantively different trajectory. This is not conducive to measured, careful policy-making. In the longer term, the policy trajectories selected may turn out to have been quite unhelpful to some of the groups with which INSPIRES is concerned, as the conclusion to this section of the report discusses.

Finally, civil service input is an important factor in understanding the performance of innovations, due to the way in which it shapes policy-making. As alluded to above, the Coalition’s 2012 Civil Service Reform plan suggests that policies are ‘often drawn up on the basis of too narrow a range of inputs and [are] not subject to rigorous external challenge prior to announcement’, owing to the civil service’s ‘virtual monopoly’ over policy-making (HM Government, 2012: 14). In particular, the policy process in the UK, to the extent that it involves ‘outsiders’, usually involves consultations on particular pre-identified problems (see Section 4.2.9). This presents an issue in constructing effective policy if the identification of the problem – in this case, the reasons underlying poor labour market integration of vulnerable groups – turns out to be ill-defined, contested, or simply mistaken. For example, there is disagreement over the extent to which policy should address supply- or demand-side issues in employment policy. While many organisations representing vulnerable groups would suggest that the latter is equally as important as the former, the policy trajectory has emphasised supply-side policies. Hence opportunities for consultation are necessarily restricted to this.
Combined with broader issues, such as government control of the political agenda and a top-down approach to policy-making, lack of robust and transparent data on performance and the civil service’s practical role in filtering policy advice to ministers (HM Government, 2012: 15-16), this mitigates against innovative policy developments, promoting inertia and a lack of responsiveness. The pressures introduced on central government by the financial crisis and the corresponding drive towards reducing spending appear be a catalyst for reducing the ‘gatekeeper’ role of civil servants in relation to policy innovation, as subsequent reform documents have detailed (Page et al., 2014). This is a challenging process for the civil service, and an update on the Civil Service Reform Plan has confirmed that attempts to embed open-policy making are ‘moderately’ off-track (HM Government, 2014). However, the additional factors affecting policy development in this area suggest that even if this is accomplished, substantive policy change and improved performance may still be very difficult to implement.

4.4 Conclusion: how have innovations affected vulnerable groups’ labour market resilience?

It is difficult to state with any great accuracy how much, and in what ways, the innovations discussed here have affected the labour market positions of vulnerable groups. This is due to gaps in programme evaluations and a tendency to only systematically monitor outcomes that are not necessarily commensurate with improving employment prospects. With that said, it is possible to identify some more general issues and potential effects on resilience using the data and analysis that is available.

The influence of by user-led groups on the UK employment policy process is very limited owing to the UK’s highly centralised governing system. In theory this should afford the government of the day substantial freedom to develop policy as it sees fit: however as demonstrated in this report, there are also several factors that mitigate against this and contribute to an impression of overall continuity in UK employment policy. With regard to the innovations discussed here there are some clear negative effects on the services provided to vulnerable people, which can be linked to this. AtW provides an example. Data is available on how many people AtW helps per year but it is very difficult to quantify how many people it could help (ie. the scale of unmet need) and hence its potential benefit to both disabled people, and the wider economy. Moreover there
appears to be little political will to find this out on behalf of any party. This is in spite of AtW being a well-supported programme which user-led organisations have expressed considerable interest in expanding (Sayce, 2011). In a less insulated, more open policy-making system, AtW would seem an obvious candidate for expansion – or, at least, a rigorous discussion of the options around this. As it is, AtW remains the DWP’s ‘best kept secret’ despite considerable potential to improve disabled peoples’ position in the labour market further. Any policy decision will involve a range of considerations, not least of cost, which has become more significant since the crisis. However, in AtW, we have an example of how the insular nature of UK policy-making might enable the marginalisation of user views, to the detriment of effective policy.

In contrast to this, the ‘work first’ programmes in the UK have been the subject of significant, high-profile reform. Work Programme represents an evolution of ND and was intended to address some of the latter programmes deficiencies with regard to helping vulnerable groups. It was intended that Work Programme would focus less on people who were likely to find work anyway without the help of government support, and more on those with multiple disadvantages or who were a long way from the labour market (Freud, 2007: 43-44). Previous experience had suggested that the smaller Employment Zones programme which utilised private and third-sector providers and outcome-based contracting tended to deliver better outcomes for these clients, in addition to some success with outcome-based contracting in the NDDP (Bruttel, 2005). This was the basis of the expansion of PbR in Work Programme. However outcome-based contracting is often associated with the problem of ‘creaming’ and ‘parking’: ‘easier’ claimants are given extensive support by providers while claimants with greater difficulties are ‘parked’ and given very limited support (WPSC, 2013: 11). This issue is widely observed within ‘work first’ programmes both in the UK and beyond (Considine et al., 2011; Struyven and Steurs, 2005; Le Grand and Bartlett, 1993). To attempt to ameliorate this, the Work Programme has a differentiated payment system. The more difficulties a client faces, the greater the payment that is attached to moving them into sustained employment (DWP, 2013b).

This has not effectively overcome the creaming and parking problem (Rees, Whitworth and Carter, 2014; Lane et al. 2012; WPSC, 2013). Disabled people in particular continue to fare badly within Work Programme, despite higher payments attached to them. Rees, Whitworth and Carter identify three central issues in this respect. Firstly the payment is
determined with reference to the benefit claimed, which is ‘not necessarily coterminous with a customer's distance from the labour market’ (2014: 12): there is significant internal diversity within claimant groups that incentivises working with easier to place clients. Secondly the differential payments do not necessarily reflect the real differential costs between groups of supporting claimants into work. Thirdly the payments are largely weighted towards outcomes: the initial attachment fee is quite small. Primes tend to keep all of the easier claimants for themselves, either referring very few claimants or only very challenging claimants to subcontractors, for whom the financial risk is higher. This, in turn, impacts on the viability of the supply chain (AVECO, 2013; Kerr, 2013; NVCO, 2011). These are problems that are embedded within the Work Programme design, so the incentives towards creaming and parking are systemic. Fourthly the economic context itself is important: the Work Programme brought forward ambitious targets within a difficult job market which was always going to present more challenges for those most in need of assistance. What we see here, therefore, is not just a set of problems associated with an individual programme (or group of programmes), but a high-profile and large-scale illustration of the failure of UK policy-makers to respond to changing circumstances and to recalibrate policy instruments and settings accordingly.

Given the somewhat unimpressive results associated with developments in UK employment policy both since the crisis and in the years prior to it, an obvious conclusion is that some change of approach is needed. However there are a number of contextual factors that mitigate against this. These include the highly centralised political system, the presence of a permanent civil service which has a monopoly on the highest levels of policy-making, the lack of opportunities for ‘outsiders’ to influence decisions, and a lack of evidence from which to make such arguments. Public attitudes are also an important factor. The way that governments responds to these pressures will, in turn, contribute to shaping the policy landscape in such a way that deviation from the existing trajectory becomes increasingly an increasingly daunting and risky activity. As such despite the UK political system possessing a notionally high capacity for change and responsiveness along party ideological lines, parties and governments are in practice reticent to take advantage of this. In turn, this appears to preclude the possibility of making effective policy which is highly responsive to both changes in socio-economic context and, ultimately, to the needs of vulnerable groups.
5.1.1 Introduction
This section of the report aims to explore the process of policy learning in the United Kingdom. ‘Policy learning’ is not a very well defined concept, but Hall (1993: 293) suggests that it is a ‘deliberate attempt to adjust the goals and techniques of policy in response to past experience and new information’. This can occur for a number of reasons. These include previous policy failure, as a result of a process of experimentation or piloting, as a result of evidence gained from observations of other countries policy solutions, and as related to electoral goals.

We explore these processes in relation to three of the five innovations discussed in WP4. These are ESA, the Work Programme, and the NMW. As with our selection of policies in WP4, we have chosen these examples because each illustrates different aspects of policy learning in the UK. We have an example of a rather closed, top-down approach to policy adoption in ESA, an example of a much more open, social partnership-type approach (which is rare for the UK) in NMW, and finally WP, which falls somewhere between the two. This is framed by a discussion of the broader policy infrastructure in the UK, providing illustrations of how this infrastructure is used by those responsible for developing and implementing policy.

Through this we identify a number of key features of policy learning in the UK. Firstly, further reflecting the closed nature of UK policy-making as identified in WP4, we find that policy learning is not significantly influenced by the observation of practices developed in other European countries. Key countries of reference tend to come from outside Europe and include Australia and the United States. This is due to the convergence around a liberal welfare state model in the UK and these countries.

Secondly, however, we find that even the usage of observations from these countries is often quite limited and that the UK prefers to draw on its own experiences. This reflects the contention that ‘the UK has been at the leading edge of welfare reform since the mid 1990s’ (Freud, 2007: 82). However as we have seen, evaluations of UK labour market programmes are often quite limited and this has a consequent impact on the quality of policy learning.

Thirdly, in line with findings from WP4 regarding evaluation, we also find that learning is often not well integrated with the policy process. Evaluations may be viewed as somewhat tangential to policy-making and new policies may be implemented before
pilot evaluations are available. Combined with the previous point regarding the UK’s tendency to see itself as a world leader in welfare reform, this can lead to an apparent tendency for the country to fail to learn from its own experiences. The Work Programme offers a strong illustration of this. We do, however, find an example of ‘good policy learning’ in relation to the NMW, but stress that this is the exception rather than the rule. Finally, in conclusion, we reflect on the implications of these findings for good practice in policy learning.

5.2 The UK policy learning infrastructure
As discussed in WP4, UK policy development is insular, with governments and political parties retaining significant control over the access and influence of outside groups in policy-making. Decision-makers with regard to the direction of policy are therefore limited to a few key organisations, strongly centralised around the government and civil service. Nonetheless as we have also begun to discuss, there are a number of different groups and organisations that play a role in informing and influencing policy. These include the civil service, non-departmental public bodies or quangos, parliamentary select committees, party research departments, independent think-tanks and charities, and some (but not all) private interests and stakeholders. This section focuses first on the role and potential of such organisations, considering how they fit together in terms of opportunity to influence policy and hence in informing policy learning. This then provides a basis for exploring how these resources have been used in the development of specific policies.

5.2.1 Party research departments
Given the importance of parties in UK policy-making, we might expect parties themselves to form an important location for policy learning. However unlike in some European countries, political parties in the UK only receive limited public funding. Opposition parties receive funding (‘Short Money’) to pay for administrative costs, which can partly support research costs (Kelly, 2014: 4), while all parties with at least two MPs are also eligible for a Policy Development Grant of £2 million per year. Aside from this, parties in opposition must rely on membership fees (which are in decline) or private donations in order to fund research. This has meant that the Labour Party relies heavily on trade union donations while the Conservatives have a larger number of individual donors, leading to concerns that organisations, individuals and businesses
can ‘buy’ influence over party policy (Transparency International, 2006: 5-6). In recent months there has been agitation for greater transparency in funding for and from both main parties (Watt, 2014).

In government, if the relevant minister can be persuaded of the suitability of a particular policy innovation then parties will also have access to the resources of the civil service. This reinforces the centrality of Secretaries of State (and junior ministers to a lesser extent) in the policy process. The potential impact of this on policy learning is returned to below. In practice a large quantity of party research is now out-sourced to think-tanks, or handed over to the civil service through departments or organisations such as the Number 10 Policy Unit in government. One organisation illustrating the decline of intra-party research capabilities is the Conservative Research Department which historically produced a large amount of policy-relevant research (Clark and Kelly, 2004). Presently, its influence over policy is minimal.

5.2.2 The civil service
As the organisation that is formally entrusted with developing and implementing policy we might expect civil service procedures to provide a clear demonstration of processes of policy learning in the UK. The civil service’s institutional memory is an important factor in this. Rhodes (2014: 4) defines this as: ‘the source of [a] department’s folk psychology, providing the everyday theories and shared languages for making sense of the world’, which ‘explains past practice and events and justifies recommendations for the future’. This is potentially highly significant in supporting policy learning (although it might, equally, contribute to the common perception of the civil service as remarkably resistant to change). Civil service reform in recent decades may have contributed to a loss of institutional memory (Rhodes, 2014) and this can inhibit the civil service’s ability to learn from past mistakes: as one former senior civil servant stated, in some departments, ‘endless reinventing of wheels is very likely’ (McPherson, quoted in PASC, 2015: 29). Interviewees for this project frequently raised this as an issue, particularly where new governments sought to make an impact on administrative structures and processes. The Public Administration Select Committee inquiry on civil service reform also revealed problems with integrating evidence from other countries, or indeed other areas of the civil service. A former political advisor working within the Department for Education summarised:
In meeting after meeting if you say, ‘Who has already solved this problem and how can we steal what they have done?’, which is a very standard question to ask in the private sector, everyone looks at you as if you have asked an extraordinary question. (Cummings, quoted in PASC, 2015: 30)

These broad problems relate in part to a more specific failure to integrate evaluation into the policy-making process. As we began to explore in WP4, evaluations are often poorly integrated and limited in scope, thus inhibiting the resources available to inform learning. In 1999, the New Labour government published two papers on improving this aspect of policy-making. The first of these identified a central problem:

There is recognition amongst policy makers that joining up and inclusiveness are important, but less attention is being paid to learning lessons from the past and to being forward and outward looking. Too often policy makers react to major problems, formulate solutions, take decisions, implement them and move on to the next set of problems without being able to take the long-term view the White Paper envisages. This is, in part, because policy making is often perceived by policy makers as a fundamentally reactive process and, in part, because of the undoubted pressures under which they generally work. (Cabinet Office, 1999a)

The second proposed that by way of a solution: ‘Government should regard policy making as a continuous, learning process, not as a series of one-off initiatives’. The use of both on-going research and evaluation, and greater piloting of new schemes to encourage and test innovation, would ensure that ‘all policies and programmes are clearly specified and evaluated, and the lessons of success and failure are communicated and acted upon’ (Cabinet Office, 1999b). Reflecting on this over a decade later, Hallsworth, Parker and Rutter (2011: 47) suggested that serious shortcomings still exist in the civil service’s approach to policy evaluation. In particular:

Most politicians and civil servants are extremely sceptical about whether Whitehall learns from evaluations effectively: lessons often do not feed back into policy design or problem formulation. In other words, the task of evaluation is performed more often, but the desired quality (learning) has not permeated policy making...evaluations are often commissioned but often ignored.

A similar conclusion was reached by the Public Administration Select Committee (PASC, 2015: 31-32). This occurred due to a number of pressures on the civil service. Ministers tend not to be very interested in longer-term policy making: if something is not causing a problem at the present moment, then it tends to be overlooked in favour of more immediate issues. Of course, the fact that a particular policy is not currently causing an obvious political or financial difficulty does not mean that it is working effectively. Moreover there may be different definitions at play of what an ‘effective’ policy does: for example, are ALMPs expected to improve job outcomes, or simply reduce the number of
people claiming benefits? There is also a disjuncture between the speed with which policy is developed and the process of evaluation: careful evaluations take time, and by the time these are produced the window in which action could have been taken to alter the policy may have long since passed. Alongside this the process of outsourcing evaluations renders the process of learning somewhat separate from the process of making policy, limiting the extent to which policy-makers can learn from their own mistakes. Reflecting the tensions between policy and politics there are also incentives to play down unflattering evaluations. Related to this, some civil servants feel that there is a tendency to award policy evaluations to a ‘safe pair of hands’ or an organisation that will not offer a highly critical evaluation (Hallsworth, Parker and Rutter, 2011: 48). This may compromise the quality of the evaluation, and hence of the learning associated with it.

Perhaps most interestingly in relation to the question of policy continuity in the UK, evaluations conducted by the civil service (or outsourced from it) are often rather limited in scope. Their remits tend to pertain to the efficiency or effectiveness of specific instruments, rather than examining or questioning the underlying rationale for policy decisions. The Oakley review of sanctions (2014), discussed below in relation to WP, provides an example of this. This is significant because it reinforces a tendency to make minor changes to policy settings rather than fundamentally rethinking the approach. In doing so it may lead to the implicit rejection of alternative, perhaps more effective ways of understanding social problems.

5.2.3 Public opinion and the media
A further barrier to wider questioning and learning from established approaches to problems are the constraints imposed by the party of government and, specifically, by public opinion in relation to the party of government. This is something that all political parties have to contend with, although the incentive to incorporate the ‘middle ground’ view of a problem into policy is likely to be higher for parties in systems that support single-party government. In working-age welfare policy, this is a particularly important issue. Much of the British public holds quite conservative views on issues such as unemployment. The trend in recent decades has been towards supporting increased conditionality and lower benefit levels, with Conservative voters significantly more likely to support these (Taylor-Gooby and Taylor, 2015): however, there is still strong
support amongst Labour voters. It has also been suggested that these views are ‘based on ignorance’, with voters holding a number of misconceptions about welfare and benefit spending (TUC, 2013).

Elements of the media play a role in propping up such perceptions (McEnhill and Byrne, 2014; Baumberg et al., 2012) and it is clear that several of the policy innovations discussed in WP4 and WP5 are concordant with these views. The relationship between public opinion, media and policy is cyclical: it is not necessarily the case that public opinion leads policy or vice-versa, but rather more likely that each continually shapes and re-shapes the other. This reinforces a tendency towards iterative change, with the majoritarian system in UK general elections and preference for single party governments heightening the risk associated with more radical innovation and questioning of established ways of thinking about (un)employment.

5.2.4 House of Commons select committees

Select committees are usually connected to specific government departments, with most formed of MPs drawn proportionally from the government and opposition parties, and a Chair. Amongst select committees’ key objectives is the task of examining and commenting on the policies of the department to which they are connected. This can include examining policy proposals and green and white papers, or analysing existing policy (Liaison Committee, 2012: 10). Select committees therefore have a potentially significant role in facilitating policy learning through drawing attention to and investigating areas of policy deficiency both prior to, and after implementation. This is carried out through inquiries which take evidence from a range of contributors, including academics and the other organisations that are discussed in this report section, with a view to producing a report or series of reports. The government is required to respond to select committee reports but is not required to act on them.

The extent to which select committees act as an effective means of funnelling a range of views into the policy process is therefore one aspect in assessing their role in policy learning. This indicates the types of views and perspectives that are potentially brought to bear on policy-making, with Berry and Kippin (2014: 3) suggesting that witnesses ‘provide an important source of external input into parliamentary scrutiny and, ultimately, public policy’. Considering the organisation affiliation of witnesses, they note that it is ‘striking to see how regularly trade associations are called to give evidence’, and that ‘while these organisations do exist to represent sectors politically, committees may
want to consider whether they are too reliant on the “usual suspects” for evidence’ (2014: 14). Comparable concerns abound within the devolved Scottish Parliament’s Committee system, where Halpin, MacLeod and Laverty (2012: 5) suggest that a similar ‘usual suspects culture’ has developed around certain interest groups. This suggests that the opportunity to learn from countries outside of the UK is quite limited in relation to select committee inquiries: the focus tends to be more on learning from interests and perspectives within the UK. Over-arching this is the extent to which government responds to the criticisms and recommendations raised during inquiries in relation to existing policy, indicating how select committees are positioned within the UK’s policy learning infrastructure.

Unlike specialist committees in most European countries, UK select committees are not responsible for legislative scrutiny. Therefore usual indicators of influence such as the number of amendments made to bills as a result of their input do not apply. Russell and Benton (2012; 2011) suggest that this contributes to an impression that the select committee role is quite minor, which is compounded by the lack of obligation for governments to act on the recommendations of their inquiries. Encouragingly however they found evidence to refute this, suggesting that: ‘Committee recommendations are in fact considerably influential, both in terms of initial government acceptance and eventual implementation. This applies not only to trivial or supportive recommendations, but also to proposals for substantive policy change’ (Benton and Russell, 2012: 782). However they also found that change resulting from select committee interventions was likely to be on a small scale, and significantly less likely when the intervention related to flagship policies (2012: 785). Several of the innovations discussed in this report, including those that exhibit great continuity despite limited evidence of efficacy (such as Work Programme), are flagship programmes. This may mitigate against select committee influence in these areas. Finally, Benton and Russell identify a number of ways that select committees can exert less quantifiable forms of influence, several of which relate to policy learning. These include (2012: 789-792):

1. Influencing policy debate and ‘offering a voice to those often overlooked in policy debates’ (although see above, regarding the diversity of witnesses).

2. Gathering and collating evidence, which Ministers may take more seriously than presentations from external groups or civil servants because select committees
‘apply a political filter’ to recommendations and agree these on a cross-party basis.

3. Changing policy priorities by drawing attention to hitherto overlooked issues.

4. Bringing about exposure of current policy failings, particularly relating to private contractors in service delivery.

All of this suggests that select committees play an important role in the process of policy learning in the UK, with the caveat that this is neither necessarily easily quantifiable nor consistent across all aspects of policy. It also tends be focused on learning from the UK’s own experiences rather than looking beyond these. While playing a formal role in scrutiny, select committees are relatively free from several of the constraints discussed above relating to the civil service, enhancing their ability to criticise current policy and draw attention to deficiencies. Moreover, this role has been strengthened by recent sets of reforms that have improved their legitimacy and effectiveness (Sear, Strickland and Winstone, 2002; Reform Committee, 2009). In particular the formal role of party whips in choosing select committee Chairs is now significantly reduced. Party loyalties will remain an important factor in negotiating and agreeing committee reports, although it is difficult to assess the extent of this due to the necessarily confidential nature of such negotiations. However the cross-party nature of committees may also contribute to granting select committee outputs a place in the policy learning infrastructure that is not available to other, more explicitly partisan organisations, or those that are more closely linked to government and with direct responsibility for the development and implementation of policy.

5.2.5 Non-departmental public bodies

Non-departmental public bodies (NDPBs) provide a further source of policy analysis and research. These are ‘sponsored’ by departments, but operate independently from them. As such they fulfil a role which is somewhat further removed from Ministers than that of the civil service. For the issues that INSPIRES is concerned with, one important and illustrative NDPB is the Social Security Advisory Committee (SSAC). The SSAC is comprised of an independent Chair (currently Paul Gray, a former civil servant) and up to thirteen other members with expertise in various areas of social security law, academia, the voluntary sector, business, and employment. A second significant NDPB is the Low Pay Commission, which is responsible for the consultation and recommendation process around the NMW. As we have discussed previously, the LPC is
quite unusual, both in its remit and the way that it carries this out. We return to this in Section 5.3.3 on the NMW, below.

The role played by the SSAC is similar to aspects of the role of departmental select committees or the public bill committees that are formed in response to particular pieces of legislation. The SSAC offers formal advice on aspects of legislation throughout the legislative and implementation process, which the DWP is required to publish and respond to. Its key role is in providing technical scrutiny of secondary legislation, rather than the ‘bigger picture’ of scrutinising overall policy proposals or providing policy evaluations, which is largely left to the civil service (DWP, 2012c: 11). Owing to this, the SSAC may be inadequately placed within the policy learning infrastructure to contribute to longer-term policy agendas: its formal role is more reactive. Feeding into both the formal and informal aspects of its work, the SSAC collects evidence from stakeholders, front-line staff and customers, thus providing a means through which these perspectives can be integrated into the policy process (DWP, 2014c).

The SSAC also produces ‘occasional papers’ covering broader issues around employment policy. In these, it does tend to make good use of wider academic evidence both from within the UK and beyond. One example of this is its paper on the use of conditionality within welfare systems (SSAC, 2012). The countries surveyed tend not to be European, with Australia and the USA forming important points of reference. Perhaps more interestingly, its paper on ‘rights and responsibilities’ within the UK system provides an interesting comparative discussion of Scandinavian countries’ conditionality regimes and those in the UK, drawing attention to important differences in how conditionality has been put into practice in varied international contexts (Griggs and Bennett, 2009), and the implications of this for the efficacy of the UK regime. However, the DWP is not required to respond to these papers, thus avoiding duplication of work with both the civil service and select committees.

As with select committees, the department is under no obligation to accept the advice or findings of the SSAC, in relation to either its formal or informal outputs. It is unclear how much heed the government pays to this advice if it contradicts existing plans or policy trajectories. A recent review into the operation of the SSAC cast further doubt on this, finding ‘tensions between the DWP and SSAC’ (DWP, 2012c: 18-19). Officials and Ministers felt that at times the SSAC’s commentary could be ‘unnecessarily confrontational’, and that the SSAC might be ‘opposed to the overall policy direction,
rather than focusing on the adequacy of the regulations put forward'. Conversely the SSAC felt that the Department was often unclear in its rational for particular aspects of policy, and could be defensive towards it (DWP, 2012c: 19). Such a working relationship is unlikely to be conducive to an open process of policy learning.

5.2.6 Think-tanks
As we have discussed in WP4, the UK is home to a significant group of policy-focused think-tanks or ‘advocacy tanks’ that aim to directly influence policy-making. Notable current examples include the Institute for Public Policy Research (IPPR), associated with the Labour Party; Centre Forum, associated with the Liberal Democrats, and the Centre for Policy Studies, Reform, Policy Exchange, ResPublica, and the Centre for Social Justice, associated with the Conservatives. The number and influence of such organisations around each party respectively tends to ebb and flow with changing political moods: the acceleration of ‘modernisation’ under David Cameron’s leadership saw a proliferation of new centre-right organisations, for example (Pautz, 2013), as did the increasing political prominence of New Labour (Exley and Ball, 2011). While all of these organisations exist and produce research independently of their respective target parties, they are often explicitly ‘invited in’ to the policy-making process in opposition, as a part of parties’ policy review processes. As we have discussed in WP4, it is also the case that personnel often move between party positions and think-tanks. In recent years Policy Exchange has been closely connected to the Conservatives in this way, while the IPPR enjoyed a somewhat less close relationship with New Labour. When considering policy learning within parties (and ultimately, perhaps, in informing policy outcomes if the party moves from government to opposition), it is useful to examine processes of policy learning within think-tanks themselves in this situation, given the important role that they play in UK policy-making.

The extent to which policy-focused think-tanks draw on robust evidence varies from organisation to organisation. The Centre for Social Justice and Policy Exchange provide useful contemporary illustrations of this. The CSJ was commissioned by the Conservative Party in 2006 to host the ‘Social Justice’ element of the policy review under David Cameron. Alongside research partners, it contributed to producing a large volume of research on issues including employment, families, education, and delivery of government programmes, as the Social Justice Policy Group (SJPG). The CSJ was founded by former Conservative leader Iain Duncan Smith, who was closely involved with the
policy review and subsequently appointed as Secretary of State for Work and Pensions in 2010. As such, some level of influence from the CSJ’s work on the Cameron government’s policy agenda in the area with which INSPIRES is concerned, can be assumed (Lee, 2009).

The initial analysis of problems within the UK’s existing welfare systems in the SJPG’s ‘economic dependency’ report, which is the most relevant to this topic, draws heavily on DWP evaluations. As we have discussed above, these evaluations (and the process of policy learning that they build upon and reflect) can have significant limitations within the constraints of civil service policy-making. However we might expect external organisations to be somewhat less constrained by some of these factors, and more open to suggesting new directions in policy. This does not particularly seem to be the case with the SJPG’s analyses, which tend to identify the same problems and suggest policies along similar trajectories to those already in place. These include increasing work-focused requirements and ‘making work pay’ (SJPG, 2006). This partly reflects the extent to which UK policy is resistant to change. Think-tanks are likely aware that in order for their suggestions to stand a chance of being implemented (and this is particularly important during a party policy review), they must look for adjustments within the existing policy envelope.

In accordance with this, the extent of engagement with evidence from countries beyond the UK is quite limited: much of the CSJ’s work draws on examples from within the UK. The Economic Dependency report does give examples of other welfare systems with provisions along the lines as it suggests: for example, it draws on the USA’s Personal Responsibility and Work Opportunity Reconciliation Act, the experiences of the Netherlands’ and Denmark’s reforms to lone parent and disability benefit conditionality, and Australia’s work expectations regime (SJPG, 2006: 36-37). These appear to be used more as a means of illustrating possible options for reform: there is not, for example, any real attempt to engage in analysis of the effectiveness of such provision within the context of different countries’ wider employment policies. As such the extent to which these feed into the process of learning seems to be quite superficial, with consequent implications for policy developed on the basis of these recommendations.

Looking at other think-tanks, the Australian model emerges as a particularly important source of potential policy innovations: for example, Policy Exchange uses this as a key point of reference in its recommendations for welfare reform (Holmes, 2011; Doctor and
Oakley, 2011), engaging rather more fully with evaluative literature on Australia’s welfare reforms. However, although the extent of engagement is greater here than in the CSJ’s work, there is nonetheless an unwillingness to engage substantively with criticisms of the model (Doctor and Oakley, 2011: 23-24). This means that the analysis underpinning these recommendations appears to be somewhat less nuanced and rigorous than that found, for example, in the SSAC literature.

Moving beyond think-tanks that seek to exert a direct policy influence, the Institute for Government is also an interesting feature of the UK’s policy learning infrastructure. The Institute for Government differs from many UK think-tanks in that it aims to be non-partisan and avoids aligning itself with any particular set of political ideas. Instead, it ‘focuses on the big governance challenges of the day and on finding new ways to help government improve, rethink and sometimes see things differently’, aiming to ‘provide practical advice from people with in-depth experience of working inside government to support senior decision makers to improve performance’ (Institute for Government, 2015). Its aim is not so much to provide analysis of policy itself, but rather of the process of development and implementation. Much of the Institute for Government’s work is therefore explicitly concerned with processes of policy learning, and how these can be improved: within this, its remit covers both policy and institutional aspects. The level of access to politicians and officials enjoyed by the Institute for Government, and its close working relationship with them, suggests that the Institute constitutes an important resource regarding the on-going development of policy learning processes in the UK.

5.2.7 Lobbying organisations

Lobbying in the context of UK politics usually refers to ‘the work of private companies known as lobbyists which are employed by organisations to represent their views to Parliament in a variety of ways - by arranging meetings, organising protests or providing briefing material’ (BBC News, 2008). Lobbying is not tightly regulated in the UK and as such the Public Administration Select Committee has reported concerns over the extent of influence that lobby groups can have on the political process, identifying three broad concerns about the industry (PASC, 2009: 5). Firstly there is a perception that large corporate organisations are able to exert a disproportionate influence over policy compared to, for example, charities, due to ‘the amount of money they are able to

No 3 Norris et al. (2014) and Hallsworth and Rutter (2011) provide illustrative examples of policy-focused and institution-focuses analyses, respectively.
bring to bear on the political process rather than the cogency of their case’. Secondly, people are free to move between roles in industry and in government (both as ministers and civil servants), often working in capacities that stand to benefit their industries. Finally, ‘there is concern about the use of “lobbyists for hire” (who have no legal obligation to make public who their clients are) to keep secret from the public the identity of those involved in lobbying decision-makers’.

It is difficult to identify accurately the role played by lobbyists in policy learning because lobbying is, by its nature, a secretive activity. However, it is a large industry. Parvin (2007: 10-11) suggests that it is worth around £1.9 billion, and that even this does not account for the ‘enormous number of other consultants, advisers, and experts in other professions and sectors who provide public affairs support in one way or another’. The size of the industry alone indicates that lobbyists must have real influence over the political system: if lobbying was ineffective, then this industry would be unsustainable.

5.2.8 Private interests and stakeholders
Private interests, for example companies with an interest in bidding for outsourced contracts, may be able to exert an influence on policy-making and evaluation, through links to political parties and politicians. Like concerns around lobbying, such influence is often not public and is largely a matter for speculation. However, the potential implications of this in terms of policy influence are similar to those around lobbying, discussed above.

5.3 The role of policy learning in the adoption of policy innovations
5.3.1 Employment and Support Allowance
We have discussed the process leading to the adoption of ESA in WP4, Section 4.2.5. Briefly, it is a development from Incapacity Benefit which was framed as being too ‘passive’ and insufficiently focused on work. This is related to a number of issues, principally the prevalence of lifetime awards and the perception that once claimants were on IB, they tended not to leave it. It also ties in with the wider shift towards more ‘active’ benefits, similar to the increase in conditionality attached to JSA. Within ESA, the reformed WCA is a significant component. This replaced the PCA in October 2008. It was intended to offer a less impairment-focused of disability, built around the principle of emphasising ‘what claimants can do, rather than what they cannot’.
The adoption of ESA can be understood in relation to a number of developments. The first reflects changes in how disability has been conceptualised, shifting towards a more social model. This echoes the work of disability charities and user groups, which often incorporate a significant lobbying or public affairs dimension, as well as academic thinking. The reformed WCA, intended to embody this, has subsequently been highly controversial and extensively criticised. However, proposals to reform the PCA were initially well-received by disabled people’s organisations and seen as one of the more radical elements of disability support reform (WPSC, 2006: 25-31). Alongside this, the Disability Discrimination Act (1995 – now replaced by the Equality Act [2010]) has helped in greatly improving and normalising disabled people’s position within the labour force. This, in turn, has been interpreted as justifying greater conditionality requirements on out-of-work disability benefits (PMSU, 2005). This is not necessarily a well-reasoned outcome of the increase in anti-discrimination legislation: as Nigel Meager, Director of the Institute for Employment Studies, explained in an interview for this project, disability discrimination legislation tends to work most effectively for those who are already in work rather than those seeking to join the workforce (who would be in receipt of the disability benefits concerned). Finally, since Incapacity Benefit’s introduction, the caseload composition attached to it has altered, moving ‘away from the stereotype of middle-aged men in the industrial heartlands and towards a new generation with manageable mental health or musculoskeletal conditions’ (Freud, 2007: 28). The proportion of claimants with a mental health condition, for example, grew from 22 per cent in 1995 to 40 per cent in 2006. If these conditions are perceived as more manageable then it further buttresses the idea that some engagement with work is viable.

ESA can therefore be understood as a response to these pressures, and an attempt to adjust policy with respect to this new information. However, it is clear that not all of these lessons have been effectively incorporated into the design of the new benefit. The WCA is a particular concern: internal DWP evaluations, each of the five independent annual reviews commissioned by the DWP into its operation, and numerous reports by disability groups have continued to strongly criticise it, despite some changes being

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4 Morris (2011) and Shakespeare (2013) offer overviews of activist and academic developments respectively.
made since its inception (see WP4, Section 4.2.5). Subsequently the chief contractor responsible for it, Atos, left the contract six months early in 2015.

There are clear failures in Atos’s ability to learn from the repeated criticism it received and concerns over its ability to do so within the terms of its contract. The Work and Pensions Select Committee, for example, detailed that despite changes: ‘concerns remain about the accessibility of Atos assessment centres, the overbooking of appointments, and the manner in which some claimants are dealt with by assessors’ (WPSC, 2014c: 30-31). It is important to note that Atos left the contract voluntarily. Due to the way that the departure was negotiated, the new contractor (Maximus) will continue to use the Atos infrastructure and ‘many Atos staff’ are expected to move to the new provider (WPSC, 2014c: 29-30). As Atos’s Lisa Coleman told the Work and Pensions Select Committee’s inquiry, it ‘would be massively over-simplistic to say that a new provider is going to fix all of the issues. It is very difficult to separate the private provider from what the policy is’ (quoted in WPSC, 2014c: 30).

The mechanisms of policy learning therefore appear to be quite weak here: although criticisms have been acknowledged, action from either the DWP or Atos as a result of this has been quite limited. The relationship between policy and practice here is very complex. It is not at all clear, in terms of decision-making, how much ‘errors’ in the process are failures of Atos’s assessors themselves and how far they reflect DWP goals - even if the idea of formal targets for finding people ‘fit for work’ has been strenuously denied (WPSC, 2011a: 27-28). Concerns over assessment backlogs and overbooking of appointments are less ambiguous and can be identified as clear evidence of poor performance which can significantly disadvantage customers. One question arising from this is why the DWP did not end Atos’s contract sooner, given its repeated failure to adequately address these issues. The Public Accounts Committee has found ‘no evidence that the [DWP] was applying sufficient rigour or challenge to ATOS given the vulnerability of many of its clients, the size of the contracts and its role as a near monopoly supplier’ (PAC, 2013: 3-4). The cost to the Department of ending the contract, particularly in an environment of austerity, may mitigate against responding to concerns effectively. This inhibits learning. Consequentially, the Public Accounts Committee suggested that Atos had little reason to seek to provide an effectively client-centred assessment process, instead gaining a contract within which it bore little risk but reaped considerable profits (PAC, 2013: 6). These problems underscore the broader challenges
for effective policy learning within a system that increasingly relies on private service provision.

5.3.2 The Work Programme
Work Programme is a development of the NDs, and also replaced all other specialist welfare-to-work programmes such as Pathways to Work, from 2011. We have discussed the process leading to its adoption in WP4, Sections 4.2.6 and 4.2.7. Briefly, Work Programme stems from the recommendations of the Freud report (2007), and purports to address a number of issues identified with existing ND provision, whilst also drawing on lessons from other parts of the active labour market infrastructure. The main problem with the NDs was the variation within and between claimant groups with respect to employment outcomes, which is widely identified in evaluations of the policy. In general, the NDs produced some positive outcomes for all of the vulnerable groups that INSPIRES is concerned with that were specifically targeted by them (ie. young people, older workers and disabled people). However, these outcomes were most pronounced for those who were already close to the labour market (for example, people with a substantial work history, or good levels of qualifications), and less so for those who faced greater barriers (for example, a lack of work history or low skills) (Finn, 2011). As such both the New Labour government and the Conservative opposition suggested that they were inefficient financially as resources were being used on those who would have found work anyway, and unsuited to helping those with the greatest barriers (Freud, 2007; DWP, 2008d; Conservative Party, 2009). Alongside the NDs, the Employment Zones initiative had suggested that for this latter group in particular, employing the services of third-sector or private organisations might prove to be beneficial. Work Programme therefore aimed to incorporate these lessons, consolidating all existing programmes into one whilst also bringing in a more uniformly applied conditionality regime.

Initially, therefore, the rationale for the introduction of WP appears to reflect quite a logical process of policy learning. However it is important to consider the deficiencies identified above in the UK’s broader policy learning infrastructure in qualifying this. The Freud report largely draws on the experiences of the UK, reflecting the view that the county is at the ‘leading edge’ of welfare reform (2007: 82). Where other countries are discussed, reference to these is typically superficial and there is little attempt to engage
with the experiences of countries that do not fit with the pre-existing liberal welfare state model of the UK. This is an example of a limited attempt to learn from assessing the suitability of particular policy instruments, rather than questioning the broader rationale for policy. As such, possible more effective policy innovations are implicitly ruled out. Even within this learning framework it is not clear how far robust national or international evidence has been incorporated into the design of the Work Programme. As we have discussed in WP4, evaluations of UK employment programmes have often been quite limited, and the process of integrating evaluation into policy development has considerable deficiencies, discussed above in relation to the civil service. The extent to which the Work Programme reflects a logical process of well-evidenced policy learning is therefore questionable.

Moreover, WP was launched nationally without a pilot. Despite existing infrastructure for the FND providing a potential basis from which to develop it, the decision was taken instead to start anew. This meant that learning within the policy had to occur on an ad hoc basis. The opportunity to implement an effectively trialled policy at the national level was lost. The desire to implement something ‘new’, marking a break with the New Labour government, may have been an important factor in this for the Coalition. Despite WP exhibiting considerable continuity with the FND, former Employment Minister Chris Grayling heralded it as a ‘revolutionary in the way it tailors support to jobseekers’ individual needs’ (quoted in DWP, 2011c). The Work Programme performed very poorly in its first year of operation (NAO, 2014: 9). Ministers responded that it would take time for the programme to ‘bed in’ and for the best providers to ‘rise to the top’ (Grayling, 2012). In retrospect it might have been advisable to begin these evaluative and learning processes on a smaller scale, before removing existing provision. This relates to the point above on ESA, regarding contracting and the involvement of the private sector. WP contracts are worth a total of £3 billion to £5 billion over seven years (WPSC, 2011b: 16-17). Again, once contracts have been finalised, it is very difficult for the Department to make changes.

Weaknesses in learning are also notable in relation to the sanctions regime. Since the 1980s the UK has relied on increasingly conditional welfare regimes. Notable junctures in this process include the introduction of JSA in 1996 and Jobcentre Plus in 2002; the introduction of the New Deals in 1998, subsequently developed in the FND in 2009, and the extension of conditionality to disability benefit claimants under ESA in 2008.
Sanctions (in the form of the withdrawal of benefit payments for non-compliance with conditionality requirements) were already part of the existing conditionality regime when the Coalition government came in in 2010. However the Conservatives had previously signalled their intent to extend sanctioning with the goal of increasing compliance (Conservative Party, 2009). The DWP has since linked sanctioning with work outcomes. For example, it stated in written evidence to a Work and Pensions Select Committee inquiry on the topic that: ‘active benefit regimes work. That is why most developed economies attach conditions to the receipt of benefits for people who are not working’. The Department continued: ‘It is a mistake to see sanctions as a punitive measure or seek to consider them in isolation of the broader system in which they sit. Sanctions form part of a wider framework of policy designed to support and encourage claimants to return to work’ (DWP, 2014d).

Evidence on the effectiveness of sanctions as a means of supporting participation in the work force is, however, limited and inconclusive. In a comprehensive review of evidence tied into the New Labour government’s plans to increase conditionality, the SSAC notes the difficulty of finding reliable evidence on the effects of sanctions isolated from the effects of the wider welfare regime in which they sit. International studies on Switzerland and the Netherlands found some evidence that sanctions might decrease the time spent on benefits and have a positive effect on job-hunting behaviour, reflecting ‘the idea that claimants behave in a rational manner, prioritising economic considerations’ (SSAC, 2006: 60). However the same report notes that for the UK: ‘there is no impact assessment of the effects of sanctions themselves’ with regard to job outcomes. It suggests that while evaluations into JSA sanctions under the NDs found that they impacted on the claimant count:

It is less clear whether it had an impact on job-search activity and promoted higher flows into employment. Previous research suggested that it did, yet recent analysis of Labour Force Survey data found that [JSA sanctions] did not increase movement into employment or measures of job-search activity, at least not in the short term. (SSAC, 2006: 61)

Other mitigating factors include the sanctions regime being ‘complex and difficult to understand’, with the greatest positive effect of sanctions found when claimants understood the system, further reflecting the idea of claimants exhibiting rational behaviour (SSAC, 2006: 62).

Concerns about complexity and lack of understanding amongst claimants regarding sanctions re-emerged in an independent review commissioned by the DWP following
the introduction of the Work Programme (Oakley, 2014), as well as in the SSAC’s later evaluative work (SSAC, 2012). The DWP-commissioned Oakley review mainly explored how the sanctions regime could be better communicated to claimants, thereby representing an example of an evaluation with very limited remit. However the SSAC re-emphasised international evidence suggesting that there are significant ‘questions about the apparent gap between the rhetoric about sanctions and the evidence for their impact’. Citing Griggs and Evans’ comprehensive review (2010), the SSAC suggested:

Sanctions undoubtedly reduce benefit claims and increase the off-flows from benefits, but that the long-term effects, measured in terms of earnings, job quality and broader social impacts such as criminal activity, are generally less positive. (SSAC, 2012: 7)

In its inquiry into ‘sanctions beyond the Oakley review’, The Work and Pensions Select Committee has also observed that evidence on the effectiveness of sanctions is ‘nuanced and far from clear-cut’, with one witness suggesting ‘that the current academic evidence “does not enable one to untangle the relative impacts of the job-search conditions themselves, the sanctions regime that enforces them, and any accompanying forms of support”’. The inquiry also noted significant UK-based evidence that while sanctions may raise the possibility of employment, this is likely to be in poor quality, low paid and low stability work. Furthermore the Committee suggested that a proper balance was not being achieved between conditionality and support, and that the extensive use of sanctions could actually push claimants away from support systems (WPSC, 2015: 18-20). The SSAC raised similar concerns based on a further review of evidence of existing conditionality regimes in the UK, concluding that ‘there is very clear evidence that robust evaluation of a new regime is essential if it is to be able to work effectively. The gaps in our knowledge about specific impacts, particularly long-term outcomes, are substantial’ (2009: 18). The effectiveness of sanctioning in assisting claimants into work was not part of the remit of the Oakley review (2014), which is the DWP’s main recent evaluative effort on this topic: in part, this omission is what prompted the WPSC’s own review (2015a).

Here, therefore, we can identify a weakness of policy learning in relation to the Work Programme, which relates to the issue of failing to challenge underlying assumptions regarding the rationale for policies. Similar to the former assumption that minimum wages cost jobs, discussed below, there appears to have been an assumption that ‘sanctions work’ as a means of ensuring compliance and hence improving job outcomes
which is not supported by robust evidence from either the UK or beyond. As discussed in WP4 the DWP collects statistics on ESA and JSA benefit off-flows and rates and reasons for sanctions (the majority of which relate to Work Programme). However, there is no systematic monitoring of destinations from off-flows: whether claimants are leaving to go into employment, or to claim another benefit, or due to a sanction. One report used by the WPSC suggested that only around 20 per cent of those leaving JSA and ESA due to sanctions (which are primarily applied through WP) were moving into employment (WPSC, 2015b; see also Sections 4.2.5 and 4.2.7 in WP4). From a policy learning perspective it is concerning that there is capacity or mechanism in place within the organisations that are primarily responsible for developing and implementing policy for learning whether or not – and under what conditions – sanctions are helpful in getting people into work. There is therefore no way of testing a key part of the assumption on which sanctions are premised. This limits the extent to which future policy in this area can be based on robust evidence. It may, in turn, contribute to perpetuating reliance on aspects of welfare regimes that are ultimately unhelpful, if increasing labour market resilience and participation is the aim.

5.3.3 The National Minimum Wage
The NMW is quite a different type of innovation to the others discussed in this Work Package, both in terms of its implementation and the means through which support for it is maintained and its levels are set, which is primarily the responsibility of the LPC. As such the role played by policy learning in adoption, implementation and maintenance is also different to that played in ESA and the Work Programme. In contrast to the relatively weak and inconsistent learning processes that we have outlined within these innovations, the NMW offers an illustration of consistent, on-going and effective policy learning in the UK context. This suggests that it is an example of ‘best practice’ with the UK context.

We have discussed the process of learning leading up to New Labour’s decision to adopt the NMW in WP4, Section 4.2.8. The NMW is a response to a combination of the declining level of influence exercised by trade unions over wage levels, and a concurrent increase in low pay and poverty during the 1980s and early to mid-1990s. Support began to emerge for such a policy in the late 1980s from both policy analysts, principally through the Low Pay Unit think-tank, and from trade unions (Institute for Government,
Alongside this, evidence from both the UK (in relation to the former Wage Councils) and international contexts began to suggest that such policies did not negatively affect employment rates (Card and Krugar, 1995; Dicks, Machin and Manning, 1999; Brown, 2002). Evidence from the latter categories was limited, as the UK was one of the earliest European adopters of a minimum wage. Nonetheless this provided an emerging evidence base from which New Labour could begin to counter claims put forward by opponents, such as the Conservative Party, that a NMW would cost ‘millions’ of jobs (Lourie, 1995: 4). Manning (2009: 4) suggests that these claims were based not on ‘any study of an actual minimum wage in operation’ but were, ‘in large part, a product of the simple assumption that a minimum wage had to cost jobs’. The NMW came into force in 1998. Polling for Ipsos MORI subsequently revealed that 53 per cent of business leaders felt the NMW was either a ‘very good’ or ‘fairly good’ policy; only 24 per cent felt it was ‘very’ or ‘fairly’ bad (2000). The Conservative Party officially dropped its opposition to the policy in 2005.

There are two central aspects of policy learning embedded in the NMW. One, addressed below, concerns similar issues to those addressed in relation to ESA and the Work Programme, regarding the evidence and knowledge processes through which the policy came to be adopted. A second aspect concerns broader lessons on how to make and implement policies effectively, of which the NMW provides a more general example. As discussed, employment policy in the UK has often been remarkably resistant to change even though governments possess the means to implement radical change in theory. Controversial policies such as the NMW will be perceived as more risky, and so the chances of such policies being implemented are likely to be further reduced. New Labour included the NMW in its 1997 manifesto, as it had done in 1992. The key difference was that its level would be set not by central government as had been proposed in 1992 (Labour Party, 1992), but through the recommendations of the independent, newly-created LPC (Labour Party, 1997). This reflects a process of learning regarding the most effective way of bringing in controversial policies. By outsourcing responsibility for researching the policy to the politically neutral LPC and entrusting it with responsibility for recommending the levels at which the NMW was set, New Labour was able to somewhat ‘de-politicise’ the policy which was undoubtedly helpful in neutralising some opposition to it. Beyond this the operation of the LPC helped ensure a consensual approach to policy-making, as opposed to foisting a
potentially unpopular policy on businesses. The widespread acceptance of the NMW is testament to the success of this innovation method. As such the NMW may provide a model that is worth building on for other, similar policy innovations.

The LPC must be viewed as the essential component of policy learning within the NMW, enabling the on-going success of the policy. As an independent, non-departmental public body, it is in the same position constitutionally as the SSAC. However, it has a much smaller, more focused remit, and exercises a great deal more influence due to this. The LPC produces an annual report and recommendations on the level of the NMW, as well as identifying emerging issues relating to low pay. The report is essentially the outcome of a large consultative exercise. This follows a 'clear and logical investigatory procedure which takes evidence from all interested parties', including employers and employees and their representatives, followed by ‘due and sympathetic consideration of all evidence provided’ and ‘exposition of its own deliberations’, leading to the ‘delivery of carefully expressed recommendations’ (Thornley and Coffey, 1999). This thorough, careful and on-going process stands in contrasts to the consultative and evaluative exercises undertaken in relation to other innovations discussed here and in WP4, and it may be enabled by the absence of the need for the LPC to ‘innovate’ as such (Brown, 2002). As its role is to maintain support and consensus over the policy, the LPC is in a strong position to learn from its consultations: this is essential to its successful operation. As such, engaging with stakeholders in such a way as to arrive at a widely agreed policy is not only enabled by the way in which the LPC works, but is a necessary part of fulfilling its remit. Good policy learning is embedded in the NMW model.

One interesting issue that arises from this is the role of judgement in relation to objective ‘evidence’ in the adoption of policies. The trend towards evidence-based policy-making (however limited the actual fulfilment of this might be) suggests a constrained role for the preferences of actors in the policy process: taken to a conclusion, it implies that policy-makers responsibilities are limited to that of collecting, marshalling and managing evidence. We have suggested in WP4 and WP5 that actors’ preferences and ideas still assume a highly significant role in directing policy in the UK, with party political ideology forming an important influence. We have also suggested that the role of ideology in this often takes precedence over, or acts as a filter upon, more robust evidence. This is enabled by the UK’s relatively weak and often informal policy learning infrastructure, and the ability of government to evade scrutiny if it
chooses. However, Thornley and Coffey (1999) suggest that in the case of the LPC, learning as a matter of judgement is acknowledged as a central mechanism, thus reframing this as a positive dimension of policy-making. Arriving at a truly ‘objective’ view on the issue of low pay is not possible, as the LPC has recognised. In its first report (LPC, 1998: 126), it stated:

We recognised from the outset that regardless of how much data we collected, how rigorous our analyses, or how many people we consulted, our decisions on the level at which the National Minimum Wage should be introduced would ultimately rely to a large extent on our judgment. If some formula could sensibly have been applied, our task would have been a great deal easier and, arguably, unnecessary. Our conclusions are based on what we learned from our extensive consultations across the UK, no less than on an analysis of domestic and international experience. Both approaches are valuable, even though both revealed ambiguities and contradictions.

This highlights the utility of this model and process of learning in addition to explicitly re-asserting the continued relevance of informed judgement in adopting and implementing innovations. Through this the LPC offers a model of good practice in policy learning in the UK, demonstrated through the continued acceptance of the NMW and the beneficial outcomes that it has achieved in terms of improving labour market resilience. This has particular relevance where controversial policy changes are concerned, and consensus-building must be a priority. It should be borne in mind that many of the innovations discussed in this work package and WPs 3 and 4 are controversial or problematic, and so such exercises should not necessarily only be confined to new policies.

5.4 Conclusion
This WP has explored processes of policy learning in the UK both in terms of the existing infrastructure and in terms of the way that this is utilised in making, maintaining and amending policy in relation to ESA, the Work Programme and the NMW. As we discussed in WP4, central government departments and the ministers in charge of them hold a very significant amount of power with regard to the direction of policy in the UK. The process of policy-making is often rather insular, with the terms on which organisations beyond the Executive and civil service can participate in the policy process very much controlled by these organisations. Despite this employment policies in the UK exhibit a high level of continuity, regardless of the party or parties in power. This is interesting in relation to policy learning because there are long-term indications
in this area that the widely accepted trajectory of policy may not be achieving optimum results in terms of improving labour market inclusion and resilience for vulnerable groups. There are several features of the policy learning infrastructure that indicate why this might be the case.

The UK government does have a wide range of resources that it can draw upon in order to gather the information needed for learning. These include the civil service, NDPBs, departmental select committees, independent think-tanks, and the outputs and pressures introduced through lobbying and private business. Public opinion also plays a considerable role in policy development due to the perceived need to form a stable, one party government: put simply, parties have a lot to lose from going against public opinion and this may help to discourage risk-taking. It is perhaps useful, therefore, to draw an analytical distinction between learning for the purposes of policy, and learning for the purposes of party politics. The latter is not necessarily conducive to the former, as many policies which are popular with the public have been introduced on the basis of scant evidence of effectiveness. Sanctions within ESA and WP are a good example here. The importance of public opinion may, therefore, lead governments to side-line more nuanced and well-evidenced inputs into the policy process, such as the reports of select committees or NDPBs such as the SSAC. This is enabled further by weaknesses in policy learning within central bodies such as the civil service, whose processes often focus on implementing and altering aspects of policy without questioning the ‘bigger picture’ or underlying rationale for decisions. The failure to effectively integrate and utilise the experiences of other countries (even, often, those with similar regimes to the UK) into policy-making contributes to this, in turn further lessening the possibility of more effective change.

Based on this we have suggested that within established policy trajectories mechanisms of learning are often quite weak, with new information incorporated into policy design in an unsystematic way. In some policies, such as the Work Programme, there appears to be little attempt to challenge conventional wisdom on ‘what works’ even if results are quite poor. More worryingly, within some such programmes, there is little capacity to gather information on whether policies are working effectively with regard to a range of goals. Notably, for example, there is a lack of official data on job outcomes associated with sanctioning around ESA and the Work Programme. Nonetheless, this seems certain to remain an important part of UK welfare regimes in the near future. However, we have
also suggested that the UK system is demonstrably capable of embodying ‘good’ policy learning, offering the NMW as an example. Interestingly this occurred when moving outside of established policy trajectories, implementing an idea that was controversial to several stakeholders and other actors. This may have heightened the need for quality evidence, as well as the need to reach a mutually agreeable solution. Such a model should be regarded as best practice in advancing policy innovations within an adversarial political system. It may be worth building on for future policy changes that are similar to the NMW in terms of acceptability.

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