



Mind the Gap

Experiences of Unemployed People with Mental Health
Problems Moving into Work

Briefing Paper 2003

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BRIEFING PAPER - 'MIND THE GAP'

- 23% of the 2.7 million people receiving incapacity-related benefits have a mental health problem. The majority of this group have depression, anxiety or other neuroses, with only a small number having conditions such as schizophrenia.
- 8% of the total working age population (aged 16-64) say they have a mental health problem that affects the amount of work they can do.
- Only 17-18% of this group of working age people are in any kind of employment. This means that up to 83% of people with mental health problems severe enough to affect their ability to work are economically inactive.
- 26% of this group of people with mental health problems who are economically inactive would like to work and a further 5% have said they are actively seeking work.

The above statistics were drawn from the Department of Work and Pensions or the Labour Force Survey (2000).

Government statistics have proven that people with severe mental health problems face employment exclusion on a significant scale. The Department of Work and Pensions has identified that this group now make up the largest group of people claiming incapacity benefits in the UK.¹ The 'Mind the Gap' Research Report was based on the views of service users of mental health services and has identified that in terms of the employment of people with severe mental health problems, gaps exist in a number of critical areas:

Discrimination – Service users of mental health services believe they experience stigma and discrimination within recruitment and employment practices.

Benefits System – The labour market in the UK is becoming increasingly flexible. A clear gap has emerged between this flexible labour market and the inflexible, complex and bureaucratic Benefits System.

Service Provision – The provision of employment-related services for people with mental health problems is patchy and inconsistent. Provision is seldom based on service user need. There is a gap between supply and demand.

Opportunity – Perhaps the most poignant gap exists around opportunity. People with severe mental health problems aspire to be involved in

¹ Pathways to Work: helping people into employment, Department of Work and Pensions (2002).

employment-related activity and progress to work. They face personal, institutional and structural barriers that create a gap between aspiration and attainment. The effect of this gap existing is long-term unemployment, declining health, poverty and social exclusion.

The 'Mind the Gap' Briefing Paper is an introduction to the 'Mind the Gap' Research Report. Although the focus of the research and the Briefing Paper is on people with mental health problems, Social Firms Scotland is aware that the issues raised have a wider resonance within the disabled community where other groups of disabled people face the same gaps and barriers in terms of employment provision.

INTRODUCTION

The Scottish Executive funded the 'Mind the Gap' research via the 'Service User² Development Project' run by Social Firms Scotland. The funding of the Research Report is being matched into the ESF Community Initiative EQUAL Programme as part of the 'Theme A' Development Partnership 'EQUAL ACCESS'.

This Briefing Paper will be of specific interest to policy makers and practitioners from within the following fields:

- Department of Health
- Department of Work and Pensions
- Employment Intermediaries & New Deal providers
- Jobcentre Plus
- Mental Health organisations in social economy/voluntary sector
- Service User groups of people using mental health services
- Social Firm support organisations
- Social Inclusion Partnerships
- Social Justice Department

MIND THE GAP BRIEFING PAPER

Although the 'Mind the Gap' Report is a Research Study, those commissioning the research decided that rather than have an Executive Summary the report would commence with a 'Briefing Paper'. The rationale for this decision was as follows:

The Voice of the Service User – The researchers were concerned that an attempt at an Executive Summary of the Research Report would diminish the voice of the service user. This was the core aim of the research and it is hoped that the Briefing

² The term 'Service User' will be used throughout the report to refer to people with severe mental health problems who are using or could potentially use mental health services. It is recognised that this term may not be familiar to everyone reading the Briefing Paper. It is acknowledged that the term covers people with a wide range of mental health problems, which affect them in different ways.

Paper approach will encourage policy makers and practitioners to read the research and form their own conclusions through hearing the voice of service users.

Policy Impact – A core element of the EQUAL Programme is to identify lessons learned that would have 'policy impact' at mainstreaming level. The Mind the Gap Briefing Paper seeks to make policy recommendations based on both the research results and the wider experience of the Social Firms Scotland network.

BACKGROUND INFORMATION

Previous research studies have demonstrated the link between employment and health (Durie 2000). Work can be a route out of poverty, leading to an economically active and healthier life. Conversely, the link between unemployment and poor health is well established. The recent Department of Work and Pensions Consultation Paper³ stated that long-term unemployment could lead to a decline in both physical and mental health. Alongside the effects of stigma and discrimination, previous research (McCormack 2001, Durie 2000) has also highlighted the inflexibility of the Benefits System as a significant barrier to the employment aspirations of people with mental health problems.

A number of literature reviews (Heyman et al 2002, Riddell 2002, Thomas 2002) related to mental health and employment have been carried out. These reports lay the foundation of a case for increased investment in a range of employment services for people with mental health problems that will improve provision and potentially lead to long-term cost saving.

KEY FINDINGS REQUIRING ACTION

The key findings of the Mind the Gap research relate to four areas:

- Stigma & discrimination
- Joined-up approaches
- Service provision
- The Benefits System

STIGMA & DISCRIMINATION

Stigma and discrimination were highlighted as the most significant barriers to the employment aspirations of service users. The perception of the research participants was that this discrimination existed not only in employment and recruitment practices but also within wider society. The participants highlighted their experience of discrimination and stigma, particularly within the Jobcentre Plus and the health service.

³ Pathways to Work: Helping People into Employment, Department for Work and Pensions, (2002).

It is recognised that the Scottish Executive has taken the lead in challenging discrimination via the 'See Me' Campaign. It is recommended that the initial success of this campaign in raising the issue be built upon.

- One of the steps that the Scottish Executive and the public sector in general could take is the investment of resources into the widespread introduction of mental health awareness training for staff within the public sector in Scotland.

JOINED-UP APPROACHES

The research identified that there is a significant group of people with mental health problems who want to work but are denied the opportunity to do so. The key findings in this area were:

- Service users who are distant from the labour market were identifying their involvement in social firms, clubhouses, etc as a '**health choice**'. They want employment-related activity rather than more traditional day care.
- Service users were able to identify the benefits of supportive work in terms of reduced isolation, improved health, improved self-confidence, increased skills, etc.
- Service users **want to work** and perceive the complexity and inflexibility of the Benefits System as a key barrier that denies this opportunity.

The report re-enforces the evidence that if the Governments' policy imperatives are social justice, improved health and 'work for those who can' then there needs to be increased 'joined up working by the Department of Health, the Treasury, the Department of Work and Pensions, the devolved administrations⁴ and economic development agencies to remove the legislative and structural barriers to employment exclusion for this group.'

Social Firms Scotland has identified that the EQUAL Programme should provide an ideal opportunity for the creation of this type of Development Partnership approach.

- It is recommended that the key agencies seek to **learn and implement** the mainstreaming lessons emerging from the EQUAL Programme.

SERVICE PROVISION

From the research, Social Firms Scotland has identified a provisional 'employment spectrum⁵' for people with mental health problems.

⁴ Including Communities Scotland

⁵ It is recognised that this employment spectrum is not 'mental health' specific and can be applied pan disability. It is also recognised that the employment spectrum is not a continuum with a smooth, linear progression towards open employment and hence it is assumed that people may settle at a point on the spectrum which best suits their ability.

THE EMPLOYMENT SPECTRUM

Employment-related activity – Including voluntary work, supported education projects, vocational training projects, etc.

Sheltered Employment – Including ‘sheltered workshops’, ‘occupational therapy units/programmes’, clubhouse activities, enterprise projects, etc.

Transitional Employment Market – Including ‘intermediate labour market projects’, social firms, transitional employment schemes (clubhouses), etc.

Job Brokerage – Including ‘New Deal for Disabled People’, ‘Job Introduction Scheme’, ‘Work Preparation’, etc.

Employment Support – Including ‘Workstep’, ‘Access to Work’, etc.

Job Retention – Occupational Health Schemes, EAPS, etc.

From the Employment Spectrum it is clear that the majority of current funding and service provision is located within three areas: sheltered employment; job brokerage; and employment support. The funding of these services comes from the statutory agencies, primarily the health service and the Department of Work and Pensions. The focus of statutory provision has been either on providing ‘daytime occupation’ for people within sheltered environments or getting those close to the job market into work.

The Employment Spectrum also recognises that in recent years new models of employment rehabilitation and provision have emerged (social firms, intermediate labour market projects, clubhouses, etc) in an attempt to bridge the gap between the existing pillars of mainstream provision. This new service provision can be seen as part of an emerging ‘Transitional Employment Market⁶’, where the focus is on helping service users to become more job ready. Services within the Transitional Employment Market also recognise that for some service users employment in the ‘open labour market’ is often not the most desirable option due to a lack of employment support. Another driving factor in this new type of provision is the desire to develop more socially inclusive models of care.

The new provision is usually run by social economy organisations or service-user groups. The result being that this type of service provision is often under-funded, patchy and ad hoc. It was clear that, despite this, the vast majority of the participants in the research were involved in the Transitional Employment Market and valued the support they received. Participants were able to identify the characteristics of the services that they saw as benchmarks of good provision:

⁶ The Transitional Employment Market is sometimes referred to as the Alternative Labour Market within research studies.

Characteristics Service Users look for in ‘Supportive Service Provision’

- Secure and supportive environment
- Working with people who understand mental health problems
- Work without stigma in an inclusive and integrated environment with disabled/non-disabled people working alongside each other.
- Feel valued for contribution made
- Flexibility and opportunities to work part-time
- Real pay for real work
- The ability to test stamina for real work
- A participative culture that stressed teamwork, involvement and aimed to reduce isolation
- A focus on personal development planning and development of coping skills.
- The opportunity for training and development
- Opportunity to progress to open employment
- Possibility of permanent job (in the social firm)

The research identified that these benchmarks should be the discussion points for new services being developed.

It was also clear that if these were the characteristics looked for by service users in service provision then there would need to be a significant shift in current service provision. One of the barriers to the development of this type of provision is the inflexibility of the Benefits System, which places severe limits on the type of work opportunities offered to service users with severe mental health problems. Another potential barrier is the unwillingness of some aspects of the health service to replace traditional provision with newer models of care. These barriers exist despite the demands of service users for change.

It is recommended that in order to respond to this need, the Department of Work and Pensions and the Department of Health look to pump-prime the Transitional Employment Market in the UK. Social Firms Scotland believes that significant investment is required to develop the Transitional Employment Market and the following actions would assist:

New Deal (Mental Health) – Given that people with mental health problems are the largest group of people on incapacity benefits then there should be specific programmes developed for and targeted on this group to assist transition towards employment. Any New Deal (Mental Health) should draw on the good practice from the New Deal for Young People, Lone Parents, etc.

WORKSTEP – Supported employment has been identified as the best option for employment provision for people with mental health problems (Heyman et al 2002). Given this there should be a significant increase in the numbers of Workstep places for people with mental health problems. This move should be accompanied by the development of specific Workstep programmes such

as '**Workstep (Social Firms)**', '**Workstep (ILMs)**'. The basis of this move would be to test the effect of extending supported employment provision into the Transitional Employment Market.

Mental Illness Specific Grant (MISG) – The Scottish Executive should look to vastly increase the current MISG provision and specifically focus this investment on employment-related projects based on the criteria outlined above. Local authorities should be encouraged to contract with social economy organisations that are developing new models of employment provision such as social firms, enterprise projects, transitional employment schemes (clubhouses).

New Futures Fund Initiative (NFFI) – The NFFI is aimed at young people who are not ready for existing New Deal provision because they require higher levels of support. The current NFFI projects have been favourably evaluated. This principle of targeting support on groups of people who have high support needs should be extended to cover people with mental health problems and a NFFI (Mental Health) programme should be run. The aim of any NFFI (Mental Health) would be to support and prepare people to enter the current New Deal for Disabled People or the 'New Deal (Mental Health)', if it was established.

Externalisation – This is the transformation and re-provisioning of existing day care and sheltered work provision into new models of care. It is usually combined with a move from direct public sector provision into provision by an 'external' organisation⁷. These external organisations are usually within the social economy⁸.

Each of these new developments should be subject to robust evaluation that looks not just at the employment outcomes but considers cost-benefit analysis, health gain and soft outcomes.

THE BENEFITS SYSTEM

The research has reinforced the case that the Benefits System is a significant barrier to the employment aspirations of people with mental health problems. Although the Benefits System provides a much-needed 'safety net' for those people who are disabled and cannot work, for those people with severe mental health problems who are motivated to work the main problems are:

- **Earnings Disregard & Permitted Work** – The main reason for 'permitted work' being ineffective is the impact of the earning disregard in terms of Housing Benefit, Council Tax Benefit and Income Support, where any

⁷ Social Firms UK has carried out an 'Invest to Save' project evaluating the potential for employment creation in social enterprises via externalisation. This report is available from Social Firms UK at www.socialfirms.co.uk

⁸ The re-provisioning of Unicorn Enterprises in Aberdeen provides a useful model for this type of service transformation. Service user involvement was one key to the establishment of a range of emerging social firms as part of this externalisation process.

earnings over £20 have repayment levels of 85p per £1 (HB/CB) or £1 per £1 (Income Support). The effect of this is that people effectively have a capped earning of £20 which limits the amount of work they do to between 4 and 5 hours per week. This 'traps' a significant number of people into limited work potential.

- **16-Hour Rule** – Given the fluctuating nature of mental ill health the fixing of the permitted work limit at 16 hours creates a barrier for people who want to test out working and need flexibility to build up their stamina within a real working environment. Conversely the 16-hour limit on the Workstep Programme and Working Tax Credit does not act as an incentive for those people who wish to work less than 16 hours.
- **Earnings disincentive** – There is a risk that people will be financially worse off in work than on benefits. The Scottish Development Centre for Mental Health has calculated that the average person claiming Incapacity Benefit⁹ or Income Support (with a Disability Premium) need to be working over 25 hours per week with Working Tax Credit in place to be marginally better off than when on benefits¹⁰. These calculations revealed that if the person lost their DLA¹¹ as a result of commencing employment then they would be significantly worse off.
- **Part-time Work** – Part-time work opportunities are preferred by a reasonable proportion of people with mental health problems. Although more job opportunities are part-time, as indicated above the earnings disincentive inherent within the current system will limit movement from permitted work into part-time employment.
- **Staged Progress** – If a person is working 4 or 5 hours per week on permitted work earnings disregard and they are offered a job at 25 hours per week there are very limited options to make a gradual transition from current working hours to new working arrangements¹². The lack of mechanism to test out the option would inevitably lead a majority of people to not move towards the job.
- **Status & Entitlement** – There is concern about the risk of losing 'disability' status and the benefit entitlement that goes with this, if people show an interest in or begin to prepare for work. There is also concern that starting work will lead to a loss of Disability Living Allowance.

⁹ And receiving £66.00 per week via Higher Limit Permitted Work.

¹⁰ These figures were based on case scenarios developed as part of the response to the DWP Pathways to Work Green Paper. The calculations were made on the basis of the person receiving the Minimum Wage and took into account average costs for rented housing, council tax and payment of prescriptions. The scenarios were developed to test the impact of the proposal to introduce a £40 return to work incentive for 52 weeks. The scenarios identified that this £40 incentive would enable people who retained their DLA to be marginally better off at 16 hours per week while the incentive was in place but raised the question about economic hardship when the incentive was removed.

¹¹ Disability Living Allowance.

¹² This factor was highlighted as significant by Secker et al (2001)

- **Linking Rule** – There is a concern of reduced benefit entitlement if people experience a relapse in their mental health¹³ that means they cannot continue to work. Although the Linking Rule exists, people are concerned about relapse out with the Linking Rule period. There is also concern that even if relapse occurs within the Linking Rule period there is the possibility of disruption to income and a delay in re-instatement of existing benefit entitlement.
- **Short-term Contracts** – The growth of the flexible labour market has created a situation where short-term or temporary contracts are more prevalent. For people who are on long-term incapacity benefits a 'bureaucracy disincentive' exists to taking up these short-term contracts. People do not want to alter their benefit situation for temporary work as they believe that the effect of this will be longer-term problems getting benefits reinstated when the contract ends.
- **Disruption** – As above, there is a concern that there will be a disruption to benefit entitlement when moving from incapacity benefits onto a wage. This is particularly related to the length of time of assessment of needs-based benefits such as Income Support and Housing Benefit.
- **'Supported' Housing/Accommodation Costs** – For those in supported accommodation there is both the limitation of the earnings disregard (above) and yet if they try to move into paid employment then to sustain their 'supported accommodation' is virtually impossible due to cost of this type of provision.
- **Training** – The current 'rules' within the Benefit System are unclear concerning the potential for, and role of, allowances gained from training. Social Firms Scotland is aware that throughout the UK there is a wide range of interpretations of the rules, which leads to confusion and misunderstanding.
- **Support** – The process of gaining permission to work¹⁴ and the complexity of the process to claim funding support (such as Access to Work) is overly bureaucratic and consequently slow.
- **First Steps** – Legislation does not allow for a flexible and experimental approach to engaging in employment where people who are very distant from the job market but motivated to attempt to work can 'try' out working without involvement of 'bureaucracy' and the associated fear¹⁵ that this step will lead to the potential loss of DLA and personal capability testing.

¹³ Mental ill health is often a fluctuating condition and people experience periods when they feel well and able to work and periods when they may not be able to work.

¹⁴ It is noted that the major advantage of the new Permitted Work rules is that this process has speeded up now that permission is no longer required by a GP.

¹⁵ Although these steps may not happen, research (Pressland (2000) The Benefits Trap) has identified that this fear is a strong barrier and impacts on motivation to try out work.

- **Social Interaction** – One of the few negative impacts of the introduction of the Minimum Wage has been the ending of a number of 'therapeutic earnings' (now permitted work) schemes. The reason for this was that the beneficiaries were primarily engaged in 'therapeutic earnings' for social and supportive reasons rather than productive work. This was often the case for those people with very severe and enduring mental health problems and/or dual diagnosis where distance from the labour market is greatest and productivity lowest/support needs the highest. While Social Firms Scotland is supportive of the idea that the Minimum Wage should be paid to disabled people, there is a clear Benefits Trap for those people who will never attain levels of productivity that justify minimum wage payment but who do not want to remain confined to a perpetual cycle of day centre activities.
- **Advice** – There is a perception amongst people with mental health problems of a lack of trustworthy and concise advice on benefits entitlement and clear return to work calculations. The complexity of the situation is often reinforced by a perception on the part of claimants that they face stigma in terms of their mental health problem, that often staff within the Benefits System do not understand them and this leads to a lack of trust on the part of claimants in the system.

The impact of the above issues has created a 'Benefits Trap' for people with severe disabilities, which are often at their most extreme for people with a severe mental health problem. This Benefits Trap does not have one clear cause but rather it is the interlinking of the complexities within the system, the earnings disincentive, inertia caused by fear of relapse, the lack of understanding of the nature and effect of mental health problems on employment and a lack of flexibility to meet the demands of the flexible labour market.

The day-to-day effect of this bureaucracy on people with mental health problems should not be underestimated. Participants find dealing with the system stressful. The participants in the research also raised the issue that they perceive discrimination at the hands of Jobcentre Plus staff who lack awareness of the issues surrounding mental ill health. In addition, the focus of the Benefits Agency has been on preventing fraud. The combination of these factors often creates a climate where safety first is the main response, even for people with mental health problems who are motivated to work. McCormack (2001) identified that employment intermediaries often advise this group against work due to the complexity of the factors outlined above. The situation appears to be that although people with mental health problems experience poverty and hardship, when faced with the 'system' it is easier to do nothing if you fear that you might make a mistake and be worse off.

Social Firms Scotland is aware that the Department of Work and Pensions has reviewed incapacity benefits and aims to run 'pilots' throughout the UK. Social Firms Scotland is advocating that if the Department of Work and Pensions want to engage people with mental health problems in employment-related activity and support

transition to work then they should consider the merits of three key areas of interventions:

- The development of more flexible transition arrangements that allow service users to commence work at a low number of hours, build up working hours, begin to pay taxes/National Insurance and integrate this with tax credits and housing benefit.
- The creation of a 'Benefits Plus' opportunity¹⁶. The focus of this option would be to allow for training, job accustomisation, work experience, etc. The option should be a non-bureaucratic, flexible opportunity for people on disability-related benefits to try out the first steps towards employment. The opportunity should take place within the confines of a 'supportive' working environment and the beneficiaries should have the opportunity to earn allowances for participation.
- The creation of a 'Benefits Transfer'¹⁷ opportunity where people working either full-time or part-time have their benefit entitlement transferred to their employer and paid back in the form of wages. The expectation would be that the employer would be paying all staff (disabled and non-disabled) at equivalent rates for equivalent jobs and that employers would be adding wage payments to the benefits.

Social Firms Scotland views these potential alterations to the Benefits System as meriting consideration in line with the Disability Discrimination Act. They are 'reasonable adjustments' that could be made to enable people with severe mental health problems to engage in employment-related activity.

CONCLUSION

One of the criticisms of the new models of care and employment provision that are emerging within the Transitional Employment Market is that they have not been subject to robust evaluation¹⁸ within the UK.

Social Firms Scotland advocates that this criticism has to be viewed alongside a cost-benefit appraisal of maintaining the status quo. The Department of Work and Pensions has identified that people with mental health problems are now the largest group of people on incapacity benefits. Not only this but the numbers are growing and it has been identified that the longer someone is on benefit the less likelihood

¹⁶ Social Firms Scotland is aware that throughout the UK a number of ESF Objective 3 funded programmes have attempted to offer this type of provision as a first step towards employment but that incapacity benefits legislation is not clear in this area.

¹⁷ Both the Benefits Plus and the Benefits Transfer approaches have been successfully utilised in the New Deal for Young People.

¹⁸ Social Firms Scotland is aware that many of the models have been successfully evaluated within other countries and contexts. This information should provide the baseline for development of models of provision that can be incorporated into the UK employment context.

they have of moving back into work. Additionally, the potential effect of this is a further decline in mental health. **It can be concluded that if this cycle is not changed then there will be increased health care costs and increased welfare benefit costs in relation to this group of people.**

The Mind the Gap research has added to the extensive research base that is indicative of the fact that maintaining the status quo is not an option. Service users of mental health services want to work. They see employment-related activity as a **health choice** and an **employment choice**. To provide service users with this choice requires action. The priorities for action are:

- **A commitment to interdepartmental working to tackle the problem of employment exclusion for people with mental health problems.**
- **Legislative reform of the Benefits System to increase flexibility and choice.**
- **Increased investment in the Transitional Employment Market.**
- **The tackling of stigma and discrimination.**

FURTHER INFORMATION

Social Firms Scotland is a network organisation established to support the development of social firms throughout Scotland.

A social firm is a business that is established to provide employment opportunities within a supportive working environment for people who are disabled and disadvantaged in the labour market. Social firms aim to generate over 50% of their income from the sale of goods and services to a commercial market. A social firm will ensure that 25% of its staff is disabled people who are integrated into the workforce and have the same terms, conditions, rights and responsibilities as non-disabled staff. For further information on Social Firms Scotland see www.socialfirms.org.uk or contact Karen Maclean-Yuille at 0131 539 8057, e-mail karen.maclean@socialfirms.org.uk

The Mind the Gap Research can be downloaded in full from www.socialfirms.org.uk

For further information on the EQUAL Theme A Equal Access Development Partnership 'Welfare Benefits Initiative' see www.communityzero.com/welfarebenefits or contact Leona McDermid on 01224 633322 or e-mail leona.mcdermid@socialfirms.org.uk