

OECD says the United Kingdom should monitor the health of people claiming unemployment and lone-parent benefits

The United Kingdom should address the health situation of non-employed people, according to a new OECD report. This is among a series of recommendations in *Sickness, Disability and Work: Breaking the Barriers (Vol.2) – Australia, Luxembourg, Spain and the United Kingdom* that analyses sickness and disability policies and proposes government actions to reduce the number of benefit claims and help people re-enter the labour market.

The United Kingdom offers perhaps the best illustration of an OECD-wide trend, starting in the 1980s: falling unemployment and increasing claims for disability benefits. With a strong economy and increasingly tighter compliance rules in the unemployment benefit scheme, the unemployment rate has fallen from above 10% in 1993 to around 5% today, while disability benefit receipt doubled to 8% of the working-age population.

The long-run shift from unemployment to disability is at the heart of recent and ongoing reform which aims to establish a new balance of rights and responsibilities for incapacity benefit recipients. The *Pathways to Work* process that is currently being rolled out nationwide requires new benefit claimants to go through a series of mandatory work-focused interviews with their personal adviser. Any action proposed in response to these interviews, however, is still non-compulsory.

Ongoing and earlier reforms have contributed to a 7 percentage point increase in the employment rate of people with disability in the past eight years, from 38% to 45%. The rate of unemployment is still higher for people with disability than for their peers without disability, but it is falling fast. Mental health problems, however, remain a stark obstacle to employment: only around 20% of people with mental illness are employed.

With forthcoming benefit reform, disability assessment will take better account of mental health problems and the actual range of jobs a person could possibly engage in. Nevertheless, in view of the government's objective to reduce the incapacity benefit caseload by one million people by 2010, reforms will be insufficient. Further change should address three areas in particular.

1. Since the privatisation of sickness benefits, which are under the responsibility of the employer for 28 weeks, public authorities know little about what is happening in the early stages of sickness:
 - Employers should monitor repeated and long-term sickness absences and inform Jobcentre Plus about such cases. Failure to do so should have a direct impact on the costs the employer has to carry.
 - Independent second opinions by specialists and medical controls of the decision of the general practitioner by public authorities should come earlier and be more frequent.
2. Many new disability benefit claimants have lost their job prior to claiming the benefit. Similarly, a considerable share of those leaving disability benefits moves onto unemployment benefit:
 - More emphasis should be put on health status monitoring and health management for people on unemployment and lone-parent benefits. Following the example of Australia, the unemployed who are sick should go through a mandatory capacity assessment.
 - Disability benefit recipients who lose their entitlement but do not get jobs should be followed-up systematically and offered the support needed to return to employment.
3. The work integration approach has changed markedly over the past decade. A key weakness of these changes is that they have not sufficiently helped people with mental health problems:
 - Participation requirements should go beyond the current mandatory interviews. Actions identified during these interviews should increasingly be made compulsory. Similar requirements should also be considered for current recipients.
 - The focus on sustainable employment outcomes should be strengthened, with reduced payment for very short hours work and higher payment for sustained employment.

Journalists can obtain a copy of **Sickness, Disability and Work: Breaking the Barriers (Vol. 2) – Australia, Luxembourg, Spain and the United Kingdom** by contacting the OECD's [Media Relations Division](#) (tel. +331 4524 9700). For further information, please contact one of the authors in OECD's Directorate of Employment, Labour and Social Affairs: [Christopher Prinz](#) (tel. +331 4524 9483) and [Michael Förster](#) (tel. +331 4524 9280).