

The impact of Pathways on benefit receipt in the expansion areas

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Introduction

Pathways to Work (or 'Pathways') aims to support incapacity benefits customers in seeking work. It was piloted in three Jobcentre Plus districts in October 2003, with a further four districts implementing the scheme from April 2004.

The first two expansions took place in October 2005 (four districts) and April 2006 (six districts). This report assesses the impact of Pathways on levels of benefit receipt in these two groups of areas.

Pathways is now nationwide, the programme was introduced in a third set of expansion areas (three districts) in October 2006 and then Provider-led Pathways was rolled out to cover the remaining 60 per cent of the country in 2007/08.

Methodology

This report provides the first evidence of Pathways' impact in the expansion districts, indicating the level of consistency in the impact of Jobcentre Plus Pathways across areas. It also considers the impact of Pathways on the receipt of Jobseeker's Allowance (JSA) – something that was not examined in the original pilot areas.

As with the evaluation of the impact of Pathways in the original pilot areas, this study uses a difference-in-differences (DiD) approach. This compares outcomes for individuals starting an incapacity benefits claim before and after the introduction of Pathways in the expansion areas with outcomes for individuals starting a claim at

the same points in time in a set of comparison areas. This method provides an estimate of what the level of benefit receipt would have been in the expansion areas had Pathways not been introduced. Comparing this to the actual level of benefit receipt gives an estimate of the impact of Pathways.

The evaluation of the impact of Pathways in the original pilot areas assessed outcomes over a period of around a year and a half, whereas the expansion areas study was only able to look at outcomes over a shorter period. The impact of Pathways was examined over the 14 months following the start of the claim for incapacity benefits in the October 2005 areas and over a period of eight months in the April 2006 areas.

Key findings

The main findings on the effectiveness of Pathways in the expansion areas are summarised below. The results reported in the following two sections are based on the October 2005 areas, as they provided a longer-run of outcomes than were available for the April 2006 areas. However, the pattern of effects was similar across the October 2005 and April 2006 areas over the months for which outcomes were observed for both.

Impact on claims for incapacity benefits

Pathways reduced the proportion of people claiming incapacity benefits in the early months after the start of their claim in the expansion areas. At its peak, five months after the initial claim for incapacity benefits, Pathways reduced

the proportion of people remaining on incapacity benefits by 6.0 percentage points. This was similar to the effect in the original pilot areas.

The positive effect of Pathways was sustained until ten months after the start of the claim in the expansion areas. After this point, Pathways did not appear to reduce the likelihood of the individual claiming incapacity benefits in each successive month. By comparison, the positive impact of Pathways in the original pilot areas was apparent until the 15th month after the start of the claim.

Impact on claims for JSA

Within the expansion areas, Pathways raised the proportion of customers moving on to JSA over the first six months after the start of their claim for incapacity benefits. This effect was at its greatest four months after the start of the claim when Pathways increased claims for JSA by 2.6 percentage points. It seems likely that Pathways resulted in movements on to JSA initially as customers were encouraged to turn their attention towards job search. Having raised claims for JSA over the first few months after the start of the claim for incapacity benefits, this effect went into reverse, so that by months 11 and 12, Pathways reduced levels of JSA receipt by around 1.6 percentage points. This could have been due to customers progressing into work, or moving back on to incapacity benefits. However, this reduction in JSA receipt was not sustained beyond the first year.

Subgroup analyses

This report examines whether the effectiveness of Pathways varied for different subsets of customers. The intention was to assess whether Pathways was productive for groups of customers generally considered harder to help. Outcomes across both of the first two sets of expansion areas were combined in order to maximise sample sizes, so the impact of Pathways was only assessed over the first eight months following the start of the claim for incapacity benefits.

In keeping with the findings in the original pilot areas, Pathways had a similar impact on incapacity benefits receipt for men and women. It also had a similar effect on receipt of JSA for men and women. There was a more sustained incapacity benefits impact for younger people compared to those aged 50 or more. Again, this replicated the findings from the original pilot areas and suggests that older people may need more assistance in moving off incapacity benefits than younger people. The impact of Pathways on JSA receipt was similar for older and younger people.

The most surprising finding was the strong impact that Pathways had on reducing claims for incapacity benefits by those whose main health condition was a mental or behavioural disorder over the early months following the start of their claim. This was significantly greater than its impact on those with other health conditions. For example, six months after the start of the claim, Pathways increased progress off incapacity benefits by 8.4 percentage points for those with a mental or behavioural disorder, compared to an impact of 3.5 percentage points for those with some other type of health problem. Within the expansion areas, Pathways raised JSA receipt by those with a mental health condition by a greater amount than for those with other health problems.

By contrast, the original pilot study found that the effectiveness of Pathways in reducing benefit receipt appeared to be sustained for a shorter period for those with a mental health condition compared to those with other health problems and the size of the effect at its peak was similar for both groups. Nevertheless, it is important to remember that those with a mental health condition are a large and diverse group (about two-fifths of the caseload). As a result, further analysis is planned to explore variations in the impact of Pathways between those with different types of mental or behavioural disorders.

In addition, it is possible that the experiences of implementing Pathways in the original pilot

areas resulted in more effective provision for those with a mental or behavioural disorder when it was rolled out in the expansion areas. For example, the qualitative evidence suggested that within the original pilot areas, some Personal Advisers encountered particular difficulties in helping customers with mental health conditions. If these experiences informed the roll-out in the expansion areas, this might, to some extent, explain the differences in the impact of Pathways for those with a mental health condition between pilot and expansion areas.

Conclusions

The main results in this report reinforce the findings on the benefit effect of Pathways in the original pilot areas. Whilst it was not possible, with the available data, to examine the effect on employment, it was apparent from that earlier study that the employment effects from Pathways do not directly mirror the benefit effects. One factor in this is that rules on permitted work allow incapacity benefits customers to work for up to 16 hours a week whilst remaining on incapacity benefits, provided they earn less than £86. This permitted work was encouraged under Pathways. As a result, Pathways could result in a positive employment effect, but without producing a corresponding reduction in benefit receipt over the time period considered. A companion report, which will assess combined employment and benefit outcomes, as well as the health effects of Pathways, is likely to be important in interpreting the picture that has emerged in the current study.

The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 84712 468 5. Research Report 552. December 2008).

You can download the full report free from: www.dwp.gov.uk/asd/asd5/rrs-index.asp

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