

## New Rules for Welfare

### Research Summary

Conditionality – a requirement on individuals to fulfil conditions such as attending interviews in return for receiving full benefits - has become a significant element of welfare systems in the UK and elsewhere over the past two decades. Its use has been accompanied by the introduction of personalised support to help benefit claimants move from welfare into work. Elements of conditionality exist in the UK welfare system for jobseekers, but it has been far less developed for lone parents and people claiming benefits by reason of health or disability. In July 2008, the Secretary of State for Work and Pensions assigned Paul Gregg, Professor of Economics in the Centre for Market and Public Organisation at the University of Bristol, to conduct an independent review of conditionality and consider how a more personalised regime might be achieved. His report and recommendations, together with other work by Professor Gregg and fellow academic researchers, are making significant contributions to legislation and the development of welfare policy in the UK.

### Impact

Professor Gregg's report 'Realising Potential' – widely known as the Gregg Review – was delivered to the government at the end of 2008, by which time the global economic downturn was leading to a rise in unemployment. It argued that it was essential not to repeat the mistakes of the two last recessions and allow a large proportion of the



workforce to become disconnected from the labour market. The existing framework of conditionality, linked to personalised support, had proved its effectiveness: the review proposed moving forward towards a single personalised conditionality and support regime embracing almost all unemployed who claim benefits.

The report recommended that the government should set out a vision for such a regime for three broad groups: a Work-Ready group who could immediately take up jobs; a Progression to Work group for whom a return to employment was a genuine possibility given time, encouragement and support, and those - such as people with health and disability problems or lone parents with very young children - for whom conditionality should not apply. It proposed more responsive and clearer sanctions and recommended that the government should proceed towards replacing the existing benefit structure with a single working age benefit.

When the review was published, James Purnell, then Secretary of State for Work and Pensions, described Professor Gregg's report as an "important milestone" which had started a debate on the next wave of welfare reform. Soon afterwards, in its welfare reform white paper (*Raising expectations and increasing support: reforming welfare for the future, December, 2008*) the government responded in terms which widely endorsed Professor Gregg's vision of a welfare

state based on personalised support accompanied by widespread obligations to take it up. The white paper committed the government to building on his “innovative ideas” for increasing support for the most vulnerable job-seekers, many of whom needed to resolve issues involving skills, childcare, debt or housing as part of preparing for work.

Preparations are now in progress in the Department for Work and Pensions for prototypes in pilot areas to test the moves towards the more personalised and supportive approach to conditionality advanced by Professor Gregg. Large-scale testing, embracing both the government’s Jobcentre Plus service and private contractors, is due to start in October, 2010.

The Welfare Reform Bill which became law in November 2009 abolished Income Support and placed all benefit claimants on Jobseeker’s Allowance if they are well, and Employment and Support Allowance if they are sick. It introduced

among other things new requirements for recipients of Employment and Support Allowance to undertake work related activity. In line with Professor Gregg’s call for more appropriate personalised support for needy people, the definition of work related activity covers not only training but broader assistance such as consulting debt or housing advisors.

Professor Gregg and other academic researchers have also contributed to government plans on the Young Person’s Guarantee which was announced in the 2009 Budget. Under the guarantee all unemployed 18-24 year olds approaching their first anniversary of receiving Jobseeker’s Allowance will be ensured a job offer, work experience or training. A new Future Jobs Fund aims to create 150,000 additional jobs as part of delivering the Young Person’s Guarantee.

Academic input was important in determining the precise shape of this policy initiative. Following discussions with government analysts, Professor Gregg contributed evidence about the scarring effects of unemployment on different age groups. This formed an important part of the government’s decision to offer a guarantee targeted at young people.

Participation in the guarantee will be mandatory for young people who are ready for employment, reflecting the type of balance between support and obligation advanced in the Gregg Review of conditionality.

## Key Findings

Professor Gregg’s report recommended that the Government should move towards:

- A single, personalised regime to help almost all unemployed on welfare benefits.
- A more responsive sanctions regime containing devolved decision-making, better communication and long-term moves towards a system of fixed fines.
- Building support services to ensure that once people return to work they are likely to remain there and progress.
- Ensuring that the majority of young people gain skills and qualifications both before and during employment.
- Introducing a single working age welfare benefit.

## Further Information

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The Gregg Review, the Welfare Reform White Paper and the Welfare Reform Bill are available at [www.dwp.gov.uk](http://www.dwp.gov.uk)

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