

Changes in the profile of men claiming Incapacity Benefit – a case study

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Abstract

Incapacity claimants are the largest group of non-employed working age benefit claimants in the UK. This paper looks at the changing profile of men on incapacity benefits in one town – Barrow in Furness – where the claimant rate is especially high. It draws on survey evidence for 1999 and 2007 and finds that although the overall numbers have declined only modestly, the characteristics of the stock have altered radically. The proportion with no formal qualification has increased, and far fewer express an interest in returning to work. The findings are consistent with the view that as redundancies from older industries recede into the past, a new group of less healthy, less skilled and less motivated men is becoming marginalized. The paper argues that the processes at work in Barrow are likely to be replicated elsewhere and that the obstacles to returning claimants to work have increased.

Keywords: incapacity benefits, unemployment, sickness, job loss, Barrow in Furness

Introduction

Incapacity claimants are the single largest group of working age benefit claimants in the UK. They outnumber the unemployed on Jobseeker's Allowance by three to one and lone parents in receipt of Income Support by substantially more than two to one. In 2007, a total of 2.7 million adults of working age are out of the labour market and claiming incapacity benefits.

A sound understanding of just who makes up the stock of incapacity claimants, and why, is clearly important. Not least, this information is potentially helpful in trying to bring the numbers down. It is the government's stated intention to reduce the number claiming incapacity benefits by one million by 2016 (Department for Work and Pensions 2006) and there are also a growing number of locally based initiatives that aim to help incapacity claimants back into work. This paper helps to fill the information gap by looking at how the profile of men claiming incapacity benefits has changed over the last decade. This is especially valuable because there is clear evidence, presented

here, that although the UK headline number of men claiming incapacity benefits has changed little since the late 1990s, the composition of the group has shifted radically.

A previous article by the present authors (Beatty and Fothergill 2002) looked at the stock of male incapacity claimants in Barrow in Furness, in North West England, where incapacity claimants are especially numerous. This drew on a survey carried out in 1999. As a result of a new survey of incapacity claimants carried out in Barrow in 2007, there is now the unique opportunity to examine how the profile of male claimants has changed though time in one specific locality. Many of the questions in the two surveys were identical, and the range of information gathered extends well beyond that available from the government's Labour Force Survey.

The next part of the paper provides a brief introduction to incapacity benefits and the 'hidden unemployment' debate. This is followed by a short description of Barrow in Furness and the two surveys. The main body of the paper then presents key findings. The final part sets out an explanation for the substantial changes that can be observed and, on the assumption that similar changes are likely to be underway in other areas, what might be the wider policy implications.

Incapacity benefits: a brief introduction

Incapacity benefits are paid to men and women of working age (i.e. 16-64 for men, 16-59 for women) who are out-of work but deemed too ill or disabled to be required to look for work. This differentiates them sharply from the claimant unemployed, in receipt of Jobseeker's Allowance, who are required to look for work as a condition of benefit receipt. These two groups of benefit claimants are mutually exclusive: it is not possible to claim Incapacity Benefit (IB) and Jobseeker's Allowance (JSA) at the same time.

The headline national total of 2.7 million incapacity claimants is actually made up of three groups:

- *Incapacity Benefit recipients.* These men and women make up around 60 per cent of the total. Incapacity Benefit is not means-tested except for a small number of post-2001 claimants with significant pension income
- *Incapacity claimants who fail to qualify for Incapacity Benefit itself because they have insufficient National Insurance credits.* The government counts these men and women as IB claimants, but most of these 'NI credits only' claimants actually receive means-tested Income Support, usually with a disability premium. They account for a further 30 per cent of the national total, though a higher proportion of women than men
- *Severe Disablement Allowance (SDA) recipients.* SDA is paid to pre-2001 claimants with a high level of disability and a poor NI contributions record. They account for the remaining 10 per cent. SDA is closed to new claimants.

The gatekeepers determining access to incapacity benefits are medical practitioners – in the first instance the claimant's own GP, but for claims beyond six months doctors working on behalf of the government agency Jobcentre Plus. In theory, to qualify for incapacity benefits a person must be unfit for work. In practice, the test applied by Jobcentre Plus, known as the Personal Capability Assessment, assesses ability to undertake certain basic physical tasks rather than an inability to do all kinds of work in all circumstances. Many older unemployed people have picked up injuries over the course of their working life, and there is the effect of simply getting older. On top of this, mental health problems such as stress, depression and drug and alcohol

abuse are quite widespread. In practice, therefore, many of the non-employed with health problems or disabilities are able to claim Incapacity Benefit rather than Jobseeker's Allowance.

Importantly, there is also in most circumstances a financial incentive to do so. Incapacity Benefit is mostly not means-tested unlike Jobseeker's Allowance, which is means-tested on the basis of household income and savings for everyone after six months and for most claimants from day one. This means that other sources of household income (a partner's earnings or a small pension for example) are not deducted from an individual's IB entitlement as they would be for JSA. Income Support with a disability premium is also worth more than Income Support on its own. Additionally, there is also no requirement to 'sign on' every fortnight and to look for work as there is with JSA.

These differences in benefit rules, the large increase in the number of IB claimants since the late 1970s, and the concentration of IB claimants in many of the weakest labour markets across Britain have all fuelled the argument that incapacity benefits hide substantial unemployment. In studies of labour market adjustment in the UK coalfields (Beatty and Fothergill 1996, Beatty et al 2007a) we found that the main response to job loss was a withdrawal of men from the labour market into 'permanent sickness' rather than a rise in recorded unemployment. This led us to conclude that incapacity benefits hide the true scale of unemployment. Subsequently, we estimated that as many as one million incapacity claimants should be regarded as 'hidden unemployed' in that they might reasonably be expected to have been in work in a genuinely fully-employed economy (see for instance Beatty and Fothergill 2005). Our view that job losses, rather than an underlying deterioration in health, underpin much of the four-fold increase in the number of incapacity claimants since the 1970s is supported by evidence from a number of other studies, for example Armstrong (1999), MacKay (1999) and Webster (2002).

An alternative but not necessarily incompatible view is that the rise in incapacity numbers reflects the deterioration of relative wages for low-skill workers (Nickell and Quintini 2003, Bell and Smith 2004). In the United States a similar link is often established between falling labour demand, low wages and rising disability claims (see for example Black et al 2002, Autor and Duggan 2003). The official view of the UK government, however, is that the very high incapacity claimant rates in some parts of the country have nothing to do with deficient demand for labour (HM Treasury and Department for Work and Pensions 2003). The government view is that there are plenty of jobs everywhere and that lack of skills or motivation is the root cause.

A case study: Barrow in Furness

The present paper is based on research carried out in Barrow in Furness, in Cumbria in North West England. By British standards, Barrow is a relatively isolated town, more than 40 miles from the nearest significant urban area (around Lancaster) and it sits at the end of a peninsula with the sea to the west and south and the sparsely populated fells of the Lake District to the north. This means that Barrow is an essentially self-contained labour market, with only modest commuting flows in or out of the area.

Perhaps more than any other UK town of comparable size – the district has a population of 70,000 – Barrow has traditionally been dominated by a single industrial employer. This is its shipyard, dating back to the nineteenth century, which has long specialised in major defence contracts and in submarines in particular. It was here that Britain's four Trident missile submarines were built in the 1980s and 90s. At its peak the shipyard accounted for nearly 70 per cent of all male employment in the

town, but as the Trident construction programme came to an end some 9,000 jobs were shed from the shipyard. Nearly all these jobs were held by men.

In Barrow the combination of job loss and physical isolation might have been expected to lead to rising unemployment. But this didn't happen. Claimant unemployment in the town (that is, the number claiming what is now JSA) has fallen almost continuously since 1993 and is now lower than for a generation. There has been growth in alternative employment, but nothing like on the scale needed to plug the gap left by the disappearance of so many shipbuilding jobs.

Barrow in Furness does however have one of the highest incapacity claimant rates in the country. This is illustrated in Table 1, which shows the 20 local authority districts in Great Britain with the highest share of the working age population claiming incapacity benefits. Barrow comes ninth on this list with a rate of 13.7 per cent. Like Barrow, virtually all the top 20 are industrial districts in the North, Scotland and Wales. In contrast, in extensive parts of southern England the incapacity claimant rate is typically three to four per cent, with rates as low as two per cent recorded in some districts.

Table 1: Incapacity claimant rate, top 20 GB districts, August 2006

	% of working age
1. Merthyr Tydfil	19.0
2. Easington	18.9
3. Blaenau Gwent	17.9
4. Neath Port Talbot	16.3
5. Rhondda Cynon Taff	15.8
6. Caerphilly	15.5
7. Glasgow	15.2
8. Knowsley	14.3
9. BARROW IN FURNESS	13.7
10. Inverclyde	13.5
11. Liverpool	13.5
12. Bridgend	13.5
13. Hartlepool	13.4
14. Blackpool	13.2
15. Carmarthenshire	13.0
16. Stoke on Trent	12.9
17. Barnsley	12.8
18. Wear Valley	12.8
19. Burnley	12.8
20. Sedgefield	12.7

Sources: DWP, ONS

In November 1999, at the time of the first survey, 4,050 men of working age were incapacity claimants in the town. In November 2006, when the new survey reported here began this has fallen to 3,380, or 15.5 per cent of men of working age. The largest reduction occurred between 2004 and 2006, when the national headline total also began to fall for the first time in a generation and some of the reduction coincides with the implementation in Barrow (in October 2005) of the government's Pathways to Work initiative, aimed at moving incapacity claimants back into the labour market. The

number of male incapacity claimants has fallen more sharply in Barrow (and several other older industrial areas) than across Britain as a whole since 2004. Nevertheless, the number and proportion of men claiming incapacity benefits in Barrow remains substantial.

Two surveys

The first survey of male incapacity claimants in Barrow was carried out in the autumn of 1999. This covered 329 non-employed men of working age, of which 183 were Incapacity Benefit claimants. The survey was undertaken in four representative wards within the district, selected on the basis of levels of non-employment. Individuals were contacted via door-to-door visits, and interviewed in their own home by professional survey staff.

The second survey was carried out in two phases in the final part of 2006 and the early spring of 2007. This covered 999 incapacity claimants in all, of whom 488 were men of working age. The survey took place in 25 postcode areas, spread randomly across the whole district. Names and addresses of claimants were obtained directly from the Department of Work and Pensions (DWP), which had agreed to support a wider national research project to which the Barrow survey would contribute. The individuals were again interviewed in their own home by professional survey staff.

Both surveys used a tightly structured questionnaire covering aspects of work history, skills, health, job aspirations, training needs, benefits and household circumstances. Several key questions were identical in the two surveys. Each interview typically lasted 15-30 minutes.

Because of differences in methods the two surveys are not absolutely precisely comparable. In the 1999 survey, in the absence of a prior list of claimants, a single call was made at each address in the target areas, resulting in a high no-contact rate, and only a minority of the households contacted included individuals in scope. In the 2007 survey, utilising a claimant list, up to three call-backs were made at each target address but provision was made for individuals to opt-out in advance in response to a letter sent prior to the survey. Approaching a quarter of the target individuals took advantage of the opt-out. On the other hand, neither survey encountered a significant opt-out rate on the doorstep. With the proviso that very small differences between the findings of the two surveys should not be given any weight, the two datasets are nevertheless likely to be broadly representative of male incapacity claimants in Barrow as whole and comparable through time.

The detailed technical aspects of each survey and the full results are contained in two reports to the local development agency, Furness Enterprise, which in both instances was the principal client (Beatty and Fothergill 2000, Beatty et al 2007b). The findings presented below relate to the 183 men in the 1999 survey, and 488 men in the 2007 survey, all of whom were Incapacity Benefit claimants.

Survey findings

Across Britain as a whole, incapacity claimants are a predominantly older group: the nearer state pension age, the greater the likelihood of claiming IB. This is understandable because advancing age is often associated with declining health and rising disability, and in addition there can be ageism in recruitment and retention practices that make it difficult for older workers to stay in employment. 52 per cent of

the male incapacity claimants in the 2007 survey in Barrow were aged between 55 and 64, compared to 55 per cent in 1999.

What is significant here is not the slight reduction in the proportion of over-55s, which is actually in line with national trends but too small to be given any weight, but the fact that by 2007 around three-quarters of the over-55s who had been IB claimants back in 1999 would have reached 65 and thereby dropped off incapacity benefits onto state pension. Through the ageing process alone there will therefore have been substantial turnover in the stock of IB claimants. What has happened in Barrow is that the 1999 cohort of older IB claimants has by 2007 largely been replaced by another, as existing claimants grow older and new over-55s join the stock.

Overall, the stock of male IB claimants may not therefore be getting any older, but in Barrow at least they have been out-of-work for much longer. This is illustrated in Table 2, which shows the length of time since the claimant's last regular paid job. In 1999 only around one-in-eight men had been out of work for 10 years or more. By 2007 this had risen to nearly half. Not all this long duration out-of-work need necessarily have been on incapacity benefits – initially some claimed unemployment benefits for example - but 40 per cent said they had been claiming IB for at least ten years. The conventional view, at least among labour market economists, is that the employability of an individual declines with rising duration out of work, in which case Barrow's stock of male IB claimants has become markedly less employable now than in the late 1990s.

Table 2: Male IB claimants: length of time since last regular paid job

	1999 (%)	2007 (%)
Less than 2 years	10	8
2-5 years	27	22
5-10 years	49	22
10 years or more	13	46
Never had job	1	3
	100	100

Source: Barrow surveys

A further key indicator of employability is qualifications. Table 3 shows selected qualifications held by Barrow's male IB claimants. What needs to be kept in mind here is that many people have more than one qualification (so the columns do not add to 100) and there are many different types of qualifications. This table shows only some of the more important and widespread qualifications.

The striking figure here is the large share of male IB claimants who have no formal qualifications at all. Even more shocking, this proportion rose from 38 per cent in 1999 to 53 per cent in 2007. This is the opposite of what might have been expected

because over this period a group of older men with no formal qualifications, who mostly entered the labour market in the 1950s when qualifications were deemed less essential, have finally reached retirement age. As they have done so they have been replaced in the workforce by a younger generation of new workers with more education and training. As a result, across the UK as a whole the share of working age adults with no formal qualifications has slowly been falling. Barrow's male IB claimants appear to buck this well-established trend. The rise of claimants with no formal qualifications is also matched by a fall in the share who have served a craft apprenticeship – down by nearly half since 1999.

Table 3: Male IB claimants: selected qualifications

	1999 (%)	2007 (%)
Degree	2	3
'O' level/CSE/GCSE	24	22
NVQ/ONC/OND/HNC/HND	10	10
Craft apprenticeship	37	21
No formal qualifications	38	53

Source: Barrow surveys

Table 4 deals with the occupational background of male IB claimants. These statistics are based on what men called their 'usual occupation' and the various jobs have been grouped into four broad categories. Professionals account for very few IB claimants – in Barrow or elsewhere in Britain. Manual workers dominate the figures for both years – they account for 76 per cent in 1999 and 81 per cent in 2007. The 'other manual' category includes plant and machine operatives, drivers, shop work, labouring, and routine personal services. This category alone accounts for half the men claiming IB in 2007, and the 'other manual' category has grown substantially since 1999, largely at the expense of skilled manual workers.

Table 4: Male IB claimants: occupational background

	1999 (%)	2007 (%)
Professional	2	3
Other white-collar	22	16
Skilled manual	49	31
Other manual	27	50
	100	100

Source: Barrow surveys

On balance, therefore, the stock of male IB claimants remains primarily manual but has shifted towards the lower-skill categories. Even so, these men are rarely lacking in substantial work experience, even if it is now receding into the past. Among the 2007 claimants, 40 per cent had worked in their last job for twenty years or more, and a further 20 per cent for between 10 and 20 years. 91 per cent of the 2007 claimants had been full-time employees when they last worked and 7 per cent self-employed.

The reasons why individuals leave a job can be complex. Sometimes there is a single, clear-cut reason. On other occasions job loss is the result of the interaction of a number of factors – for example cuts in a firm’s workforce combined with personal ill health, domestic responsibilities and maybe even a bullying or unsympathetic boss. The two surveys asked men to identify the *principal* reason for leaving their last regular paid job. Table 5 shows the responses.

A striking feature here is the importance of illness or disability as the trigger of job loss among the 2007 claimants, cited by around three-quarters of the total. By comparison, other factors were far less significant. Compulsory severance, for example, accounted for only 14 per cent and voluntary redundancy or retirement for only 4 per cent. At least as striking, however, is the change through time. The 1999 survey asked exactly the same question and at that time illness or injury was the primary reason for job loss in only 40 per cent of cases, whilst compulsory and voluntary redundancy together accounted for half. Bearing in mind that at least some of the men who were claiming incapacity benefits in 1999 were still claimants in 2007, the data on the causes of job loss indicates that since the late 1990s there have been radical changes in the reasons why male IB claimants’ last jobs came to an end. Formerly redundancy was dominant; now it is overwhelmingly ill health.

Table 5: Male IB claimants: principal reasons for job loss

	1999 (%)	2007 (%)
Compulsory severance*	27	14
Voluntary – redundancy/retirement	23	4
Voluntary – other reasons	9	3
Illness or injury	40	78
Other	1	2
	100	100

*compulsory redundancy, dismissal, end of contract
Source: Barrow surveys

On the other hand, the evidence does not support the view that on average the health of male IB claimants is any worse now than in the late 1990s. Table 6 combines the responses to several health questions that were again identical in the two surveys. The data deals with claimants’ own assessment of the influence of health on their ability to work. A degree of self-reported health limitation is nearly universal, but in both years only a third said they ‘can’t do any work’. Overall, there is little evidence of change through time. DWP administrative data shows that in 2007 31 per cent of the men in the survey were claiming incapacity benefits because of mental or

behavioural problems (including stress, depression, drug and alcohol problems) and 26 per cent because of musculoskeletal problems. These two categories dominate the figures. The remainder were IB claimants for a wide variety of health reasons. The 2007 survey also found that around half of the men expected their health problems or disabilities to worsen.

Table 6: Male IB claimants: self-assessment of influence of health on ability to work

	1999 (%)	2007 (%)
'Can't do any work'	34	37
'A lot' of limitation	39	32
Some limitation	24	26
No limitation	3	5
	100	100

Source: Barrow surveys

Table 7 deals with job aspirations. This too combines the answers to several questions that were the same in the two surveys. The first line presents the responses to the question 'would you like a job?' There are two extremely important observations here. First, in 2007 the proportion of male IB claimants saying they would like a job was just 18 per cent. Second, the proportion wanting work has slipped from no less than 64 per cent in 1999. Barrow's male IB claimants are now, it would appear, a demotivated group with few aspirations to work and their detachment from the labour market has increased sharply in recent years.

The proportion of Barrow's male IB claimants who say they would like a job is lower than we have previously recorded in any comparable survey elsewhere in the country. Conversely, the 64 per cent of male IB claimants in Barrow in 1999 who said they would like a job was unusually high: a more typical figure for comparable surveys in the late 1990s was just below 50 per cent. It is possible that some of the observed change in Barrow between 1999 and 2007 reflects sampling errors or biases in the survey method, though the question itself was identical. Nevertheless, even if survey methods account for part of the observed difference between the two years, it is hard to avoid the conclusion that the figures are principally underpinned by real change in claimants' aspirations.

Table 7: Male IB claimants: job aspirations

	1999 (%)	2007 (%)
Would like a job	64	18
Looked after last job ended	30	13
Looking now	4	8
Think's there's a realistic chance of ever getting one	8	5

Source: Barrow surveys

The second line in the table shows the proportion that looked for work after their last job ended. This was not large, and the proportion was again well down on 1999. The declining proportion looking for work at the time of job loss is consistent with the rising proportion who said they lost their last job principally for reasons of ill health.

The third line shows the proportion who said they were presently looking for work. This is below 10 per cent, though the proportion of active jobseekers appears to have increased slightly since 1999. It is worth noting here that there are often fears among IB claimants that to be seen to look for work would bring their status as an IB claimant into question. Employment and Support Allowance, which will replace Incapacity Benefit for new claimants from 2008, will for the first time introduce an element of conditionality similar to that already in place for Jobseeker's Allowance, but this will be to undertake activities to 'prepare for work', which may be rehabilitation, re-training or voluntary work as well as job search.

The final line of the table refers to those who would like a job and think there's a realistic chance of getting one. The figures show that optimism is far from universal.

Interpretation

The survey data shows that since the late 1990s the male IB client group, in Barrow at least, has become substantially more disengaged from the labour market and will be far harder to move back towards employment. The key points in this respect are:

- the increase in the share of claimants who have been on incapacity benefits for more than 10 years
- the increase in the share with no formal qualifications, which runs contrary to trends in the workforce as a whole
- the increase in the share with low-skill manual experience
- the very sharp decline in the share who say they would like a job
- the greater prominence of ill health, rather than redundancy, as a cause of job loss.

Knitting these observations together into a coherent narrative to explain what has happened is not easy, and inevitably somewhat subjective. The starting point is probably the redundancies from Barrow's shipyard. These job losses mostly occurred

during the early and middle 1990s. Many of the unemployed shipyard workers moved onto Incapacity Benefit rather than unemployment benefits because they were financially better off in doing so and because they had sufficient health problems or disabilities, sometimes picked up through working in the shipyard itself, to allow them to access these benefits. In 1999, when the first survey was conducted, it therefore found a large group of often skilled men who had been made redundant (either compulsorily or voluntarily, though the distinction is often blurred when firms are shedding labour) and had not lost residual aspirations to work.

By 2007 many of this group of ex-shipyard workers have dropped off incapacity benefits – some back into work no doubt, but very many simply onto state pension at age 65. However, with a continuing imbalance in the Barrow labour market, with the local demand for labour still running well behind the potential local labour supply, it is inevitable that some individuals will continue to be squeezed out. What appears to have happened is that whereas in the late 1990s the response to labour market imbalance was that redundant shipyard workers moved across onto incapacity benefits, more recently the men that have been squeezed out are those least able, or least willing, to keep a foothold in the local labour market. These are typically the least skilled, the least healthy and (to some extent no doubt) the least motivated.

Added to this, the effect of lengthening durations on incapacity benefits is by itself likely to have sapped the enthusiasm of many men to re-engage with the labour market. Long-term IB claimants will in many cases have adjusted their lifestyle and aspirations to fit with the diminished job opportunities they perceive as available to them, lowering their standards of consumption to fit with on-going benefit dependency. Their 'fitness to work' may also decline as despondency sets in and disabilities worsen with age. An initial willingness to consider new employment is thus gradually replaced by a complete detachment from the world of work, rationalised in terms of largely insurmountable health obstacles.

So although the number of men in Barrow who claim incapacity benefits has fallen by only around 600 between the late 1990s and the present day, the composition and outlook of this group has undergone a transformation. The skilled craftsman, forced out by redundancy and still hankering after employment, is disappearing. His place is being taken by the poorly-qualified, low-skill manual worker in poor health, whose alternative would at best be unrewarding work at or close to the national minimum wage. Indeed, for some of these disadvantaged individuals ill health or disability may provide an exit strategy from a difficult labour market predicament. This is of course a caricature of what seems to have happened in Barrow. However, it would explain several of the key observations from the survey, in particular the growing concentration of disadvantaged workers on IB, the declining share who would like to work, and the prominence of ill health in the way that many men now define their relationship to the labour market.

Some implications

A key question is the extent to which the survey findings from Barrow in Furness might be generalised to other areas. In the absence of survey data at two points in time for other areas it is not possible to give a definitive answer. On the other hand, the circumstances in Barrow are not unique. Just as Barrow experienced massive redundancies from its shipyard during the 1990s, many coalmining areas, steel towns and other centres of heavy industry were hit by large job losses in the 1980s and 90s. In just about all these places, a big increase in the incapacity claimant rate among men

was one of the main results, and these places continue to dominate the list of districts with the highest incapacity claimant rate in the Britain.

Moreover, just as with the passage of time many of Barrow's shipyard workers will now have passed out of the incapacity numbers and onto state pensions, the same will be true of ex-miners, ex-steelworkers and other victims of the industrial restructuring of the last part of the twentieth century. There is reason to believe, therefore, that in the same way that male incapacity claimants in Barrow are becoming dominated by the least qualified, least healthy and (probably) the least motivated, the same process will be at work in other older industrial areas. Indeed, although in all areas there is likely to be a core group of very long-term incapacity claimants, national figures show that the IB on-flows and off-flows each year are equivalent to around a quarter of the stock, even in the regions with the highest incapacity claimant rates (Fothergill and Wilson 2007). In this way an initially qualified and motivated group of IB claimants stands every chance of being gradually eroded, to be replaced by men (and women) whose ability or willingness to maintain a foothold in the labour market is more questionable.

If this is indeed the case it makes the task of bringing down the number of men claiming incapacity benefits a lot harder. A decade ago, the relatively high level of skills among IB claimants and the residual motivation to work of many suggested that if sufficient jobs could be created in the right places this should in itself begin to bring some of these men back into work. Indeed, the likelihood is that between 1999 and 2007 at least some of these better skilled, better motivated men did return to work as the economy picked up in a place such as Barrow, proving the point that claiming Incapacity Benefit is not necessarily a one-way ticket for everyone. Now, by virtue of their poor health, low skills and long duration on benefit the vast majority of the men claiming IB are unlikely to be employers' first choice to fill vacancies. Accordingly, expanding the demand for labour is on its own unlikely to be enough to bring many of these men back into work.

Additional demand for labour remains an essential part of the jigsaw, without which it is hard to see opportunities becoming available for many men and women currently outside the labour market, but our evidence suggests that this will need to be complemented by labour market activation measures targeted at IB claimants. These need to include re-training, re-motivation and, where appropriate, physical and mental rehabilitation programmes. It probably also needs the financial rewards for returning to work to be worthwhile, which is not easily achievable in areas where low-skill workers command only low wages.

The package of reforms to Incapacity Benefit that the UK government announced in 2006 does include some of these elements, especially the national roll-out of the Pathways to Work initiative combining access to training, rehabilitation and wage top-ups for those entering low-paid employment. The reforms do however focus primarily on new IB claimants. Existing claimants will still have to opt-in on a voluntary basis, and they will not be moved across onto the new Employment and Support Allowance with its new requirement to 'prepare for work.'

The reforms will on the whole therefore by-pass the existing stock of incapacity claimants in a place such as Barrow. They are not well placed to re-enter employment unassisted and, in sense, they are in danger of being written off. Very many men in their 40s and 50s might therefore be expected to stay on incapacity benefits until they reach 65. This is hardly an acceptable prospect when the evidence from so many other parts of country, especially the most prosperous parts of southern England, is that where the economy is strong enough for long enough it is possible to sustain incapacity claimant rates at a third or quarter of those in Barrow and so many other older industrial areas.

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