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To cite this article: Chris Grover (2015) Employment and Support Allowance, the 'summer budget' and less eligible disabled people, *Disability & Society*, 30:10, 1573-1576, DOI: [10.1080/09687599.2015.1091151](https://doi.org/10.1080/09687599.2015.1091151)

To link to this article: <http://dx.doi.org/10.1080/09687599.2015.1091151>



Published online: 09 Oct 2015.



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CURRENT ISSUES

Employment and Support Allowance, the ‘summer budget’ and less eligible disabled people

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(Received 24 August 2015; final version received 31 August 2015)

In the first UK budget by a Conservative Government for 18 years, £13 billion per annum savings in social security spending by 2020/21 were announced. Of these, 4.9% (£640 million per annum, and up to £900 million in the years after 2020) is to come from the withdrawal from April 2017 of the work-related component of the Employment and Support Allowance. This means that new claimants will be worse off by £29.05 per week (2015/16 figures) than would have been the case had the measure not been introduced. This brief commentary critically analyses this development as the extension of an ideological assault upon the out-of-work benefits for disabled people which has been gathering momentum for about a decade in the hope of forcing such people into competing for wage work in the open market.

Keywords: benefits; disabled people; Employment and Support Allowance; less eligibility; social security

Introduction

In his first all-Conservative Budget the Chancellor of the Exchequer, George Osborne, argued that its measure would help move ‘Britain from a low-wage, high-tax, high-welfare society to a higher-wage, lower-tax, lower-welfare economy’ (House of Commons Debates 2015a, col. 332). In order to do this, the thrust of the budget suggested the need for intervention in three areas – a reduction in the amount spent on social security benefits, a reduction in the amount of income tax paid by people in work, and the need for increased wages through what was mislabelled as a ‘National Living Wage’ and what should be better understood as an increased National Minimum Wage.

It is in the context of the first two of these that the move to abolish for new claimants the Work Related Activity Group (WRAG) component of the Employment and Support Allowance (ESA) should be understood. The Chancellor of the Exchequer and the documents accompanying the Budget and the Welfare Reform and Work Bill 2015 in which the measure is contained (for instance, DWP 2015; HM Treasury 2015) sanitised the development. They did this by arguing that all that was occurring was an alignment exercise of ESA for people deemed by its Work Capability Assessment as capable of doing activities which are supposed to hasten their (re-)entry into wage work with Britain’s main unemployment benefit (Jobseeker’s Allowance [JSA]). The symbolism of this development is important,

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for the alignment of ESA rates for people in the WRAG and the JSA denotes the view that people in the WRAG are essentially unemployed, rather than living with conditions, the social reaction to which creates additional barriers to employment. In many senses, this development should not be surprising, because it is arguably the logical extension of an approach to benefits for disabled people which has been highlighted as essentially treating such people as unemployed labour (Grover and Piggott 2007).

Changing Employment and Support Allowance and less eligibility

In the view of the Conservative Government elected in May 2015, the ESA did not go far enough in commodifying the labour power of disabled people because of differences in the level of payment between this benefit and the JSA. In other words, the ESA was held to be trapping disabled people in a state of worklessness by not providing adequate financial incentives for them to consider doing wage work. Hence, Osborne's argument in his Budget Speech that:

The employment and support allowance, introduced by the last Labour Government, was supposed to end some of the perverse incentives in the old incapacity benefit, but instead it has introduced new ones. One of those is that those who are placed in the work-related activity group receive more money a week than those on jobseeker's allowance, but get nothing like the help to find suitable employment. (House of Commons Debates 2015a, col. 333)

In making such arguments the Chancellor was drawing upon a very long tradition in social security policy of concerns with the ways in which policies designed to relieve the poverty of wage workless people might act to disincentivise them from doing such work. Hence, the principle of less eligibility – that the 'situation [of the pauper] on the whole shall not be made really or apparently so eligible as the situation of the independent labourer of the lowest class' (Checkland and Checkland 1974, 335) – which has acted to frame support for wage workless people from at least the 1830s. This principle is central to social security policy because of the perceived consequences of people receiving financial relief at a level comparable with wages for the poorest paid labourers. As the 1832-4 Poor Law Commissioners put it: 'the condition of any pauper class is elevated above the condition of independent labourers as the condition of the independent class is depressed; their industry is impaired, their employment becomes unsteady, and its remuneration in wages is diminished' (Checkland and Checkland 1974, 335).

There should be no doubt that the Budget was informed by the notion of less eligibility. So, for example, Osborne argued that the freeze in working-age benefits (including those for people in the ESA's WRAG) he announced in the 'summer budget' was to ensure that 'earnings growth will catch up and overtake the growth in benefits' (House of Commons Debates 2015a, col. 334). In this context, the government's argument is that the level of ESA for the WRAG is pitched too high compared with both the JSA and entry-level wages. Hence, Osborne's comparison of the numbers by which JSA and ESA recipients have fallen post 2010 (700,000 in the case of the JSA and 90,000 in the case of the ESA) (House of Commons Debates 2015a, col. 333). The logic of the government's argument is that it is the higher level of benefit for people in the WRAG of the ESA compared with the JSA which explains the difference. Making such comparisons is, of course, problematic. The

most obvious problem is that it might be expected that fewer people would leave the ESA compared with the JSA because, by definition, the recipients of the ESA are further away from securing wage work compared with JSA recipients.

Statistical aberrations, however, do not detract from the poor law-type argument that not only does the government believe the position of disabled people to be more eligible than people in wage work, but also more eligible compared with those people officially defined as unemployed. As such, people in the WRAG are held to face greater disincentives to take work than those who receive the JSA. Once again drawing upon an ignoble history in poverty relief ideas (for instance, ‘unemployables’, ‘defectives’, ‘dependency culture’ and ‘underclass’), in the long term this is held to seduce disabled people into ‘welfare dependency’, whereby ‘the longer an individual remains out of work, the more likely “out of work” behaviours are to become ingrained, unconscious “habits” and become a factor hindering an individual’s return to the labour market’ (DWP 2015, 2). Such a situation is held to be problematic for both the current cohort of workless disabled people and future generations because of its potential inter-generational transmission (see DWP 2015).

Problems of supply-side paternalism

The change to the ESA is presented in a paternalistic discourse as something that is good for disabled people by both improving their employment rate (the change, for example, is explained as part of the government’s desire to reduce the disability employment gap by one-half – Priti Patel MP, Minister for Employment; House of Commons Debates 2015b, col. 1329) and improving the life chances of the children of disabled people (DWP 2015). The change is described as being a measure that will ‘transform [disabled] people’s lives by empowering them to make choices in the same way as those in work do’ (Priti Patel MP, Minister for Employment; House of Commons Debates 2015b, col. 1329).

In this context, the consequence of the impoverishment of disabled people that the change to financial support for people in the ESA’s WRAG will bring is downplayed. In its Impact Assessment, for example, the DWP (2015) makes much of the fact that no current recipients of the WRAG component of the ESA will be affected by the change, a strategic political approach to policy-making as such changes allow government to claim that there are no cash losers. Only new claimants from April 2017 will be affected, but they will lose, compared to if the change had not been made, the equivalent of over £1500 per annum. This will make future cohorts of disabled people poorer and will arguably have a disproportionate effect, because of the greater costs faced by disabled people – estimated by Brawn (2014), for instance, to be £550 per month. Particularly in the context of the introduction of the new additional cost benefit (Personal Independence Payment), the situation of disabled people in the future will be even less eligible than those officially defined as unemployed (Cross 2013; Roulstone 2015).

The problem is that the economically and politically liberal basis of the arguments for the changes to the ESA suggests worklessness and its consequences (notably poverty) are the consequence of personal failings. In this sense, the changes to the ESA can be understood as a supply-side policy which ignores the barriers to wage work faced by disabled people, most notably the attitudes of employers, and the rhythms and the organisation of the labour process. Alongside the cuts to the ESA, the government did announce an increase in spending by 2020 of £100 million

per annum (less than one-sixth of the savings of abolishing the WRAG component) ‘to get them [disabled people] into employment’ (Priti Patel MP in House of Commons Debates 2015b, col. 1329). The detail of this is scant at present, but not only do programmes aimed at ‘helping’ disabled people into wage work have a poor record in Britain (Stafford 2015), they also tend to locate the difficulties that disabled people face in accessing wage work at the level of disabled people, rather than, for example, questioning nature of wage work, its expectations and its organisation.

Conclusion

Following trends over the past decade, the announcement in the 2015 ‘summer budget’ to remove the WRAG component of the ESA will further impoverish future cohorts of disabled people who are not in wage work. This change was premised upon the misguided poor law notion, rooted in classic political economy, that people must be kept in poverty if they are workless to ensure that they are incentivised to take wage work when it is available. In this sense, the principle of less eligibility continues to frame social security policy. Its consequences – even higher levels of poverty – will be felt particularly acutely by future cohorts of disabled wage workless people because their lack of work, rather than being located in their economically rational decisions, should be understood as being the consequence of demand-side deficiencies to which the views of employers are central. Changes to the income replacement benefits of disabled people in the ESA’s WRAG will do little to address this issue and to improve the number of disabled people in wage work.

Disclosure statement

No potential conflict of interest was reported by the author.

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