



Tackling the increased take-up of incapacity benefit by young people in the European Union

Workshop report

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Introduction

Aims of the workshop

The main aim of the workshop was to examine the rise in the number of young people with disabilities. Is it a common phenomenon across Europe and to what extent are mental health problems contributing to such a rise? There was also a secondary aim to investigate the causes of the increase in countries where this has occurred. Finally, the workshop set out to explore how the problem is being tackled by governments and social services, particularly with regard to promoting inclusion in employment.

Background

In many EU Member States, there is increasing policy concern about the growing numbers of young people who are entering long-term disability schemes. In countries where data are available, such as Bulgaria, the Netherlands, Poland, Slovakia, Spain, and the UK, there has in recent years been a rise in the numbers of young people claiming incapacity benefit. It appears that the nature of the illnesses which qualify people for these benefits is changing, with evidence of growing numbers of people categorised as disabled due to mental health problems in countries such as Denmark, Finland and Poland, as well in countries outside the EU, notably in Norway and Switzerland.

These findings are consistent with evidence from elsewhere (for example, the Stress Impact project¹ and the Hearts and Minds report²), which indicates that mental health problems are on the increase as a result of claiming short-term sickness benefits and of early retirement.

However, the reasons behind the increase in claimants of incapacity benefit among young people are complex and likely to be multi-factorial. For example, the eligibility rules for entry into benefits systems are likely to have changed, diagnostic criteria may also have changed, and systems may have become more efficient at recognising health problems. At a personal level, there may have been a real increase in health problems or there may have been a decline in employment prospects which has pushed people to register as disabled. Social reasons, especially those relating to the level of family support, may also play a role. In addition, the current economic climate could affect attitudes towards the employment of young people with health problems.

The discussions in the workshop aimed to elaborate on these possible causes of the rise in the number of young people with disabilities and thereby give some direction to the debate on what might be done to address the problem.

Presentations

In the opening presentation, **Robert Anderson**, research manager at Eurofound, outlined the aims of the workshop: to explore the phenomenon of rising numbers of young claimants of incapacity benefits in some European countries; to try to establish the causes of such an increase; to examine the contribution of mental ill-health; and to identify potential solutions in terms of changes in regulation, services, health care and education and training.

¹ See <http://www.surrey.ac.uk/Psychology/stress-impact/publications/wp8/Stress%20Impact%20Integrated%20Report.pdf>

² Boedecker, W. and Klindworth, H. (eds.), *Hearts and minds in Europe: A European work-related public health report on cardiovascular diseases and mental ill-health*, BKK Bundesverband, Essen, 2007.

Anna Ludwinek, research officer at Eurofound, summarised the background to the issue. She first described the role that health plays in fostering social inclusion and pointed to the increase in the numbers of young claimants of incapacity benefits in many countries. Member States with a documented increase include Bulgaria, the Netherlands, Slovakia, Spain and the UK, while countries where it is apparent that the increase is mainly due to mental health problems include Denmark, Finland, the Netherlands, Norway, Poland and Switzerland. Although it is difficult to compare statistics between countries, it would appear that there is a real increase in claimants among young people in several countries.

The reasons for this increase may be multiple, related to a genuine rise in mental health problems among young people but also to diagnostic practices, rules for accessing benefits, labour market opportunities and the coding practice in special education systems for inputting data to labour market statistics. In the context of the current economic crisis, there is an increasing need to focus on active inclusion measures to both contain and reverse the trend.

Martin Blomsma, from the Dutch Ministry for Social Affairs and Employment, detailed the situation in the Netherlands regarding the sharp rise in young claimants of incapacity benefits. The numbers claiming benefits under the Wajong³ scheme have risen from 40,000 in 1976 to 120,000 in 2000 and 165,000 in 2008. This increase contrasts with the numbers of claims made under the WAO/WIA Act – which caters for people who develop a disability at some stage during adulthood – which has seen modest falls in recent years.

There have been a number of developments in the Wajong scheme since the mid- 1990s. Firstly, there has been the marked rise in the annual influx to the scheme and secondly there have been changes in the nature of the illnesses which claimants have: there has been a rise in mental health problems (mostly of a ‘minor’ type) and a fall in physical illnesses. The numbers entering the scheme are high – as many as 6% of 18 year olds in the Netherlands enter the scheme – and there has been a net increase in the numbers on the scheme of about 11,000 people per annum.

A number of studies have examined the possible causes of this take-up of the scheme. These include statistical or administrative aspects, the maturation of the scheme, medical diagnosis, greater awareness of the scheme amongst potential claimants, and a growing incidence of mental health problems among young people.

It has been estimated that 70% of the people on the Wajong scheme could be active in the labour market, yet only 26% of them are currently in employment⁴. (This contrasts with the situation on the WAO/WIA scheme). It may be that the generous conditions of the Wajong scheme – whereby there is no obligation to look for a job, the benefits are higher than social assistance rates and the benefit is available in principle until the age of 65 – combine to reduce the incentive to work for people on the scheme.

The Wajong scheme was reformed in 2009, with the aim of getting people into regular employment and removing some of the inherent disincentives to find work. For example, claimants are no longer assessed for lifelong disability at such a young age and there is increased flexibility in relation to earnings from working and the maintenance of benefits.

³ Wajong is the Dutch disability benefits scheme for young early-handicapped persons – beneficiaries generally enter the scheme at the age of 18 and it lasts until retirement age at 65.

⁴ It is possible to maintain benefits while working under this type of scheme. However, there is a cap on earnings so that a higher level of earnings will result in a loss of benefits.

Issues for discussion at the workshop

Participants were asked if the increase in the number of young disabled people was prevalent all over Europe and what were the responses of the national authorities to such an increase. It was generally noted that due to the lack of good information in many countries it was difficult to establish how widespread was this increase. The discussions that took place are summarised below under the following headings:

- Questions relating to the Wajong scheme
- Employment quota systems
- Sheltered workshops
- Other issues

Questions relating to the Wajong scheme

Participants showed significant interest in the details and implications of the Wajong scheme. Many of the questions asked related to clarifying various aspects of eligibility for the scheme and also to the context in which it operates. Among the questions asked were the following:

- How does the scheme operate when a person finds work – is there an element of flexicurity built in to the scheme?
- What is the role of employers in the scheme?
- Is there a contradiction between being categorised as fully disabled yet being assessed as having residual work capacity?

It was pointed out that the Wajong scheme is essentially a scheme designed to provide a permanent income for people who are disabled and have never worked. It is essentially a social assistance scheme, with the level of benefits related to the statutory minimum wage (benefits are set at 75% of the statutory minimum wage). This is different from the general WAO/WIA disability scheme, where beneficiaries have generally worked before and the level of benefit is related to loss of income.

It is possible to move from the Wajong scheme to the labour market and there is increasing pressure to facilitate such a move. There is a greater awareness that many of the people on the scheme have the potential to work and also that the eligibility criteria for the scheme may be less restrictive than intended (for example, the arrival of new entrants with diagnoses that may not be permanently disabling and the fact that a significant proportion of beneficiaries are deemed to be capable of working).

When a beneficiary is in employment but still within the scheme, there is an element of flexibility with regard to the level of benefits that they receive. Under the 2009 reorganisation of the scheme, those who earn up to 20% of the statutory minimum wage in paid work receive a supplementary benefit of 75% of the minimum wage⁵. Those who earn more than 20% of the statutory minimum wage keep half of every additionally earned euro, resulting in an income over 75% of the statutory minimum wage. In such a situation, work really pays!

⁵ People in this situation generally work part time.

Several other elements of the recent reform support the process of integration into the labour market:

- Under the old scheme, employers had to pay the first €6,000 for improving workplace accessibility before being able to claim subsidies; this has now been removed.
- Wage subsidies are available and there is some support for employer focused job coaching.
- There is a new emphasis on residual work capacity rather than disability.
- The 18 year old threshold is now considered to be too early to label a person disabled for life. The scheme has now been split into two phases: 18-27 years and 27+ years with a mandatory ‘participation plan’ for the first group and a definitive benefits assessment at 27 years.
- The introduction of a ‘work regulation’ feature, where training and reintegration obligations for the client are emphasised and a maximum of labour market support and counselling is provided.
- There are changes to the formula for calculating benefits (relatively minor) which are designed to improve financial incentives to work.
- Because of the potential decrease in the productivity of disabled workers, employers can, under specified conditions, pay less than the statutory minimum wage.

Employment quota systems

The Dutch social insurance system has been open to experimentation and this is also the case regarding the schemes for people with disabilities. This has resulted in considerable differences in approach to those of other countries. Many Member States, France for example, operate quota systems for the employment of disabled people. In the French system, 5% of the workforce must be people registered with disabilities. If the employer fails to meet this quota, they have to pay a levy which is then used to support the employment of people with disabilities elsewhere, usually in sheltered workshops. While this system has some merits, for example in ensuring that there is a lot of funding available for sheltered workshops, it has not succeeded in achieving a high level of employment in the open labour market for people with disabilities.

Variations on the quota system have been tried or are in existence in many countries. In Ireland, for example, state bodies have an obligation to fulfil an employment quota. In the UK, there was a quota system in operation (though it was never enforced) from the 1950s until the recent enactment of disability legislation. The Netherlands also had legislation which included the possibility to introduce a quota system. This option was never enforced and after a while the legislation was replaced by a package of more active inclusion measures in relation to both young and older disabled people.

Sheltered workshops

Quota systems have sometimes been linked with the operation of sheltered workshops for disabled people, as is the case in France. However, all Member States operate sheltered workshops in some form and all systems face the challenge of trying to enable clients of these workshops to move into the open labour market. The Dutch system recognises this difficulty, and has designed some policies to stimulate this transition. Part of the 2009 Wajong reform stipulates that new beneficiaries to the scheme have no longer access to subsidised jobs in sheltered workshops.

In response to a question about success stories for Wajong beneficiaries, it was pointed out that in the current situation 26% of beneficiaries are in employment – with two-thirds of these in sheltered workshops. There is an effort to promote work in the open labour market, but with relatively little success. It is hoped that the new 2009 reform will make this task easier. There have also been some encouraging results from a Dutch pilot project which has succeeded in getting

some people placed in regular employment. Employers have reported that they have been surprised by the results – if the work is re-structured, employers can benefit from the employment of disabled people.

Other issues

One participant from Finland stated that mental health problems as a cause of disability were increasing among all age groups, though there did not appear to be a disproportionate rise amongst the younger age groups. It was noted that there are three ‘clusters’ of types of cases in Finland. For men, there was a tendency to have behavioural problems while women tend to develop depression. For many men, mental health problems are associated with the misuse of drugs and alcohol.

One issue that was raised regarding the Wajong scheme was what happens to the entitlement to benefits if a person wants to move to higher education. In response, it was noted that the majority of beneficiaries are low skilled with secondary education only. Higher education is not usually seen as a realistic option for them. As a consequence, there is little demand for higher education from beneficiaries.

The importance of employers and their attitudes was highlighted. In the Netherlands, the success of the 2009 reform of the Wajong scheme depends on finding a sufficient number of employers to employ up to 10,000 beneficiaries per year. Not only do these employers have to be open to the employment commitment, they also need to be willing to make the requisite work system adjustments to enable the sustained employment of a disabled person. Of course, this is all the more challenging in the current economic climate.

There appear to be particular difficulties in attracting employers in SMEs to recruit people with disabilities. It was recognised that this causes problems in many countries, but it was suggested that restructuring work may be an effective approach for smaller employers. For example, in a retail store, when re-stocking shelves, the two jobs of filling the shelves and pricing the items are usually done at the same time. If this task is separated into two jobs, the stacking job can be easily undertaken by a disabled person.

Another issue was the role of the medical profession in relation to the employment of people with a disability. This is a complex topic, with key roles relating to diagnosis, certification of disability for insurance purposes, assessment of residual capacity and the integration of a disabled person into a workplace – these aspects are of central importance in designing a system which encourages the individual and the employer as well as the benefits system to promote the employment opportunities of the disabled person. Research elsewhere suggests that the roles played by the medical profession may sometimes conflict, as they are accountable to different clients (the individual, the employer and the system) and this may result in the medical profession being perceived as a barrier to the employment of persons with a disability. Hence there is a need for more professional development in relation to these roles.

Conclusions

Is there a rise in the numbers of young people claiming disability benefit in Europe?

No workshop participant disagreed with the proposition, but none could indicate new data. However, where statistics are available, it seems clear that there has been a rise in young disability benefit claimants in recent years – in a significant number of countries.

Is there a rise in the proportion of young people claiming disability benefits who have mental health problems?

Evidence from several countries confirms the rise of mental health problems as a cause of short- and long-term absence from work and of early retirement from work. This trend is consistent with the research showing a general rise in mental health problems leading to exclusion from the workplace. However, the processes whereby young people go directly from schools to the disability register are somewhat different to those affecting the working age population.

What are the causes of the phenomenon?

Although there appear to be common trends, in some countries at least, towards an increase in young people claiming disability benefit and towards an increase in mental health problems, it is possible that the reasons for this trend may vary between countries. As outlined earlier, the causes of these trends may stem from a number of areas: personal, system, employer or economic factors.

At the level of the individual, a potential cause relates to either new or more accurate diagnosis of impairment. In the case of young people at school, it is probable that there is increasing recognition of a range of learning problems such as attention-deficit hyperactivity disorder (ADHD) which are carried forward from education to the labour market. In situations where the transition from second-level education is not towards work or further education, then it may be that the only option for the young person is a disability scheme or unemployment. Such a scheme would guarantee an income, however low that may be, and usually a range of ancillary benefits, and so registering as disabled may seem a relatively attractive option – this may have been a common option in the Netherlands.

There may also have been a real increase in underlying mental health problems among young people, as data from elsewhere indicate. It is noteworthy that data from the Netherlands pointed to depression as a major cause of the rise in mental health problems among the Wajong beneficiaries. Leaving aside the question of whether this is sufficient grounds to be labelled as having a permanent disability, it may well be that it reflects a real rise in mental ill-health and behavioural problems among the age group in question.

There are a wide range of factors in the system that affect the entry of young people onto disability schemes. Most of these are related to rules of eligibility, but they are also concerned with the alternatives open to the individual. For example, in the Dutch Wajong system, the eligibility criteria for the scheme seem to be relatively lax, and even if the financial benefits are not exceptionally high, the alternative of finding a job on the labour market may seem too onerous. The fact that recipients were under no obligation to look for work makes the scheme more attractive. The changes to the system made earlier this year will have the effect of providing more incentive and support to the individual to seek work and, in theory at least, should lead to a greater outflow into the labour market than is currently the case.

Employer-related factors are also important in relation to securing an entry into the labour market for people with disabilities. Employers traditionally have low levels of awareness of what is possible and of the supports available to them to employ a disabled person and there were a number of remarks to support this position made at the workshop. Information from elsewhere would suggest that there is extra difficulty in dealing with mental health issues (Anderson,

Wynne and McDaid, 2007⁶). A realistic response to the current trends in mental health problems and disability must take this into account.

New thinking in relation to the incentives available to the employer may be needed – there is evidence that employer subsidies may be less effective in promoting a positive employment decision than having previous positive experience of employing people with disabilities. For the target group in question, this could mean that expansion of work experience is needed, so that employers could build positive experiences.

Finally, the general economic situation affects the employment prospects of people with disabilities. The current economic climate where there are very few job opportunities is evidently difficult for people with disabilities. However, it should be noted that the trend towards increasing numbers of young people in receipt of incapacity benefits predates current economic problems.

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⁶ Anderson, R., Wynne, R. and McDaid, D., ‘Housing and employment’, in Knapp, M., McDaid, D., Mossialos, E. and Thornicroft, G. (eds.), *Mental Health policy and practice across Europe* – European Observatory on Health systems and policies series, McGraw Hill – Open University Press, Maidenhead, UK, 2007.