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The Social Effects of the Employment and Support Allowance in the UK: A Welfare Scarcity Perspective

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Abstract. The Employment and Support Allowance (ESA) offers a critical lens for examining how contemporary welfare reforms shape disability inclusion in the United Kingdom. Emerging within a broader shift toward austerity and behavioural conditionality, ESA has undergone continuous policy adjustments, yet these reforms have not altered its foundational logic. Although the UK government has signalled further adjustments to disability assessments, such developments have not improved claimants' circumstances; instead, they have intensified the regulatory pressures embedded within welfare administration, contributing to a cumulative pattern of disadvantage. This paper investigates how ESA, through its core eligibility mechanism, the Work Capability Assessment (WCA), produces welfare scarcity, reinforces social exclusion, and contributes to the reproduction of structural inequality. The analysis utilizes a comprehensive theoretical framework and evidence from policy reports, extensive datasets, and qualitative studies to illustrate how conditionality, sanctions, and functional assessments alter the economic security, labor market participation, and social experiences of disabled claimants. The findings indicate that ESA has shifted welfare from a model of social protection toward behavioural regulation, deepening poverty, stigma, and capability loss among disabled people.

Keywords: Employment and Support Allowance (ESA), Welfare scarcity, Social exclusion, Disability policy, Structural inequality

1. Introduction

Introduced in 2008 to replace Incapacity Benefit (IB), the Employment and Support Allowance (ESA) became a core component of the UK's welfare-to-work strategy and has since been gradually integrated into Universal Credit (UC). The policy sought to enhance labour market participation among disabled claimants through mechanisms such as the Work Capability Assessment (WCA). However, scholars contend that ESA has instead generated new forms of exclusion and inequality. Baranowski conceptualises this as "welfare scarcity", a phenomenon where support is deliberately rationed through conditionality and institutional design [1]. Levitas further explains that welfare-to-work reforms reproduce social exclusion through moralised discourses that distinguish between the "deserving" and "undeserving" poor [2]. From a broader structural perspective, Corak's "Great Gatsby Curve" illustrates how structural inequalities are transmitted across generations, offering a framework to understand the long-term effects of welfare retrenchment [3]. This paper aims to

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examine how ESA, through its design and conditionality, has reinforced structural inequalities among disabled claimants in the UK. It first introduces the theoretical framework, then traces the development of ESA policy, analyses its social effects, and finally discusses potential reform directions. This research contributes to a broader understanding of how welfare design shapes disability inclusion and offers insights for developing more equitable, rights-based social policy.

2. Literature review

Recent scholarship highlights how welfare scarcity shapes exclusionary outcomes in the UK's ESA regime. Baranowski defines welfare scarcity as the systemic failure of welfare institutions to meet material and non-material needs, which results in entrenched exclusion [1]. Building on this, Grover and Piggott argue that ESA's Work Capability Assessment functions as a social sorting mechanism [4]. It categorises claimants in ways that restrict welfare access and actively generate exclusion.

The concept of social exclusion provides a theoretical framework for understanding these dynamics. Levitas identifies three core discourses—redistribution, social integration, and the moral underclass—which underpin welfare-to-work reforms and perpetuate stigma [2]. Lister reconceptualises poverty as a multidimensional experience, encompassing capability deprivation, stigma, and exclusion, which shows how welfare retrenchment undermines dignity [5]. Van Oorschot extends this analysis by identifying public criteria for "deservingness": control, attitude, reciprocity, identity, and need [6]. His work demonstrates that social solidarity is conditional, not universal.

These exclusionary processes are embedded in broader mechanisms of inequality reproduction. Corak demonstrates that high income inequality reduces intergenerational mobility [3]. Chetty et al. discuss that educational stratification cements long-term disadvantage [7]. Collectively, these perspectives reveal a structural cycle: welfare scarcity, created by institutional designs like the WCA, generates social exclusion. In turn, exclusion, sustained by moralised discourses of deservingness, further reproduces inequality over time.

Drawing on this review of existing scholarship, the following theoretical framework integrates these insights into three interconnected dimensions: welfare scarcity, social exclusion, and inequality reproduction. This framework serves as an analytical tool for understanding the ESA system. It demonstrates how institutional scarcity and exclusionary practices are embedded in broader structures that perpetuate disadvantage across time.

3. Theoretical framework

3.1. Welfare scarcity

Baranowski defines "welfare scarcity" as a systematically manufactured insufficiency through budgetary austerity, tightened eligibility criteria and conditionalities, constituting a governance strategy rather than a contingent fiscal outcome [1]. Within disability contexts, he observes that WCA, under the ESA subjects, subjects disabled claimants to competitive logic, employing scarcity as a disciplinary instrument thereby intensifying exclusion and perpetuating the tradition of deservingness/undeservingness inherent in the Poor Laws [8]. Consequently, ESA has been characterised as an 'anti-social social policy'.

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3.2. Social exclusion

While welfare scarcity encapsulates the institutional generation of insufficiency, the concept of social exclusion offers a more expansive analytical lens to illuminate the multidimensional and relational nature of inequality. Exclusion manifests not only through income loss but also through restricted access to employment, education, political participation and meaningful social engagement. Levitas identifies three policy discourses underpinning welfare-to-work reforms: the redistributionist (RED), social integrationist (SID), and moral underclass (MUD) [2]. Each discourse frames exclusion through distinct lenses—RED centers on material deprivation, SID on labour market marginalization, and MUD on perceived moral deficit. Yet all serve to legitimize conditionality and stigma within welfare policy. ESA embodies these discursive dynamics. Claimants are assessed not only on work capacity but also on moral worth, which reinforces their marginalization. This illustrates that exclusion is not merely economic but politically constructed and socially sustained. In practice, ESA reflects the SID discourse by casting paid work as the primary pathway to social inclusion, while aligning with MUD by framing claimants who fail WCA as morally deficient. This demonstrates how policy discourse reframes structural disadvantages as individual failings, further entrenching social exclusion among disabled populations.

3.3. Reproduction of inequality

The exclusionary effects of welfare scarcity are embedded in broader mechanisms that transmit disadvantage across time and institutions. Corak's "Great Gatsby Curve" shows that higher income inequality reduces intergenerational mobility, while Chetty et al. demonstrate how educational stratification reserves elite opportunities for affluent families, hard-wiring long-term disadvantage [3,7]. Among disabled people, economic disadvantage and impairment frequently reinforce one another, as reduced earning capacity heightens dependency on welfare and limits future opportunities. Lister frames poverty as capability deprivation plus stigma, arguing that retrenchment and conditionality erode dignity and amplify exclusion. Within the ESA regime, the WCA's scarcity-inducing design thus feeds into these cumulative cycles, converting present-day exclusion into future-generation inequality [5].

3.4. ESA policy development

The ESA was introduced in 2008 under the Welfare Reform Act, formally replacing IB as a cornerstone of the UK's broader welfare reform agenda. Explicitly oriented toward "activation", which was a defining shift in UK welfare policy at the time, the reform aimed to strengthen incentives for claimants to transition from benefit reliance to labour market participation. A pivotal innovation in ESA's design was the WCA, which superseded the general practitioner-issued "sick note" with a standardised functional capacity evaluation. This assessment categorised claimants into two distinct groups: the Work-Related Activity Group (WRAG), for those deemed capable of engaging in work-related tasks, and the Support Group for individuals assessed as having severely limited work capability [4]. The assessment process itself entails claimants completing a detailed questionnaire and attending an evaluation, which is conducted by private contractors, to determine whether they are "fit for work" or have "limited capability for work". This procedural shift effectively redefined disability through a functional lens rather than a medical one, fundamentally altering how disabled claimants access and legitimize their entitlement to welfare support.

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This two-tier classification introduced a more standardised, conditionality-driven framework for welfare access, aligning ESA with international models of direct work-capacity assessment [9]. In 2013, the UK government announced ESA's gradual integration into the Universal Credit system, with full transition slated for 2025 [10]. The integration was presented as an effort to simplify the benefits landscape, eliminate administrative duplication, and enhance consistency in welfare delivery. By consolidating multiple benefits under a single framework, the government sought to streamline support while upholding the "work activation" principle.

4. Social effects and inequality

4.1. Economic deprivation and capability loss

The restructuring of ESA amid austerity has inflicted significant income loss and heightened financial insecurity among disabled claimants. Benefit rate reductions and the expanded use of sanctions have deepened economic hardship, eroding individuals' capacity to sustain a basic standard of living. From a capability perspective, such deprivation entails not merely material insufficiency but also constraints on people's real freedoms to achieve valued functionings, such as accessing healthcare, heating their homes, maintaining adequate nutrition, and participating in social life [11]. Lister extends this view, conceptualising poverty as a multidimensional phenomenon encompassing economic deprivation, social exclusion, and capability erosion [5].

Empirical evidence from the UK corroborates these dynamics. The Department for Work and Pensions reports that 23% of individuals in households with a disabled member live in relatively low income after housing costs, compared to 20% of those in non-disabled households [10]. The Joseph Rowntree Foundation further highlights that disabled people confront a poverty rate of 30%, rising to 35% among working-age adults, compared with 18% for their non-disabled peers [12]. Within this group, disabled people with limiting mental health conditions are most vulnerable, with a poverty rate of 36% (compared to 29% for those with physical or other disabilities). These figures underscore that ESA claimants are disproportionately likely to experience poverty, with mental health conditions linked to particularly severe forms of capability loss.

Qualitative research illustrates how these structural dynamics manifest in everyday life. Grover and Piggott demonstrate that ESA's tightened eligibility and conditionality have undermined claimants' financial security, exposing them to recurring hardship [4]. Patrick's interviews reveal that sanctions and payment delays—especially impactful for those with mental health conditions—are profoundly destabilising, forcing claimants to cut back on essentials like food and heating while exacerbating anxiety and clinical instability [13].

4.2. Employment-related exclusion

The WCA, under the ESA regime, has redefined disability welfare around employability rather than social protection. The assessment's binary classification—"fit for work" or "limited capability for work"—fails to account for the complexity of real-world work capacity. This reflects what Levitas describes as a "minimalist solution" to social exclusion, an approach that focuses on moving claimants across the insider–outsider boundary without addressing structural inequalities within the labour market itself [2]. In practice, the WCA's rigidity has excluded disabled people from both welfare support and meaningful employment. Official statistics show that 19% of ESA assessments in the quarter to June 2024 resulted in a "fit for work" decision, excluding claimants from benefit support. By late 2024, around 14% of assessments classified claimants as "fit for work," while 71%

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were placed in the Support Group—indicating that a significant minority still fall through the system's cracks [10]. As Grover and Soldatic argue, this logic embodies the neoliberal restructuring of welfare, which prioritises pushing disabled claimants into labour market participation over ensuring genuine inclusion [8]. This situation stands in stark contrast to Germany's model, which places legal responsibility for labor market inclusion on employers. Under §154 of the Social Code Book IX (SGB IX), companies with more than twenty employees must ensure at least five percent of posts are for severely disabled workers or pay a compensatory levy. This quota system shifts responsibility for inclusion on labor market structures rather than on individual claimants, highlighting how the UK's ESA model overemphasizes personal work capability while neglecting systemic obligations. Compounding these structural barriers is the psychological pressure of the ESA's conditional regime—what Garthwaite terms "the fear of the brown envelope", which generates anxiety and exclusion rather than empowerment [14].

4.3. Stigma and deservingness narratives

The ESA regime embeds moral judgements into welfare governance by distinguishing between the "deserving" and "undeserving" disabled. Van Oorschot's CARIN model, encompassing criteria of Control, Attitude, Reciprocity, Identity, and Need, offers a theoretical framework for unpacking how welfare deservingness is socially constructed [6]. These criteria are mirrored in WCA, where claimants are evaluated not only on their functional work capacity but also implicitly on their perceived effort, gratitude, and conformity to public expectations. This moralised logic is concretised in specific assessment descriptors. For example, the WCA requires claimants to demonstrate that face-to-face social contact is "always precluded" due to distress or relational difficulties, unless such contact occurs only under accompaniment or in exceptional circumstances [10]. Likewise, descriptors assessing a claimant's ability to "initiate and complete personal actions" entail scrutiny of motivation and self-discipline, reinforcing assumptions about individual responsibility rather than acknowledging structural barriers.

Grover and Soldatic trace this moralized logic to the historical legacy of the Poor Laws, arguing that ESA reproduces a modern form of conditional citizenship by framing support as contingent on moral worthiness [8]. Empirical evidence underscores how these narratives shape lived experience. A large-scale UCL study of over 1,000 claimants found that welfare stigma significantly exacerbated mental health issues and reinforced feelings of shame and social withdrawal [15]. Qualitative findings from Ward, Weatherhead and Greenhill similarly reveal that people with intellectual disabilities often felt "misunderstood" or "disbelieved" during assessments, which enhances psychological exclusion [16]. Media portrayals have played a pivotal role in amplifying stigma toward disability benefit claimants, with newspaper coverage increasingly framing them as fraudulent or undeserving. Briant, Watson and Philo demonstrate that tabloid references to disability benefit fraud more than doubled between 2004/05 and 2010/11, alongside a marked surge in pejorative labels such as "scrounger" and "workshy" [17]. Public perceptions shifted in tandem, with focus group participants estimating fraud levels around 40 percent, despite official DWP estimates placing disability benefit fraud at under one percent.

4.4. Conditionality and surveillance

The ESA framework has institutionalised a regime of conditionality and surveillance that extends far beyond benefit eligibility. Baranowski characterises such mechanisms as an "antisocial social policy," wherein welfare scarcity operates as a disciplinary tool rather than a form of supportive

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provision [1]. Grover and Soldatic similarly contend that the neoliberal restructuring of welfare has transformed disabled people from rights-bearing citizens into subjects of behavioural control, who are required to continuously demonstrate compliance with policy mandates [8]. Empirical evidence attests to the depth of these systemic effects. Wright and Patrick, drawing on a longitudinal study of over 480 claimants across multiple UK regions, found that WCA and its repeated reassessments engendered profound feelings of shame, mistrust, and institutional withdrawal [18]. Many participants described the system as inherently "performance-based," demanding that they continually prove incapacity under the threat of sanctions.

5. Discussion

While the UK's ESA system has increasingly pivoted towards conditionality and work capability testing, Nordic welfare models offer a contrasting, rights-based approach for disability inclusion. Influenced by the UN Convention on the Rights of Persons with Disabilities (CRPD), countries such as Denmark and Sweden prioritise disabled people's equal social membership over their economic productivity [19]. Central to this model is the principle of flexicurity, which combines flexible labour markets with strong income security and allows individuals to move in and out of work without jeopardising their financial stability. Additionally, the Nordic system promotes personalized support, exemplified by personal assistance schemes that allow individuals to participate in designing their own support plans [20].

In contrast, the UK's conditionality-driven framework tends to frame disability as a challenge of labour market activation, rather than a matter of social rights. Future reforms, drawing on Nordic principles, would require three key shifts. First, at the legal level, the UK could strengthen disability rights protection by developing a dedicated Disability Rights Act aligned with the CRPD. Such legislation would embed equality and participation as enforceable legal entitlements, reframing welfare support as a cornerstone of citizenship rather than a conditional privilege. Second, at the procedural level, assessment reform should be grounded in co-production, where disability organisations, medical professionals, and claimants collaboratively define evaluation criteria. This would mitigate stigma, enhance assessment accuracy, and replace the adversarial logic of the current WCA. Third, at the policy design level, establishing a basic security floor within ESA, providing unconditional income support for Support Group claimants, which would reduce the reliance on sanctions and conditionality. Collectively, these changes would pivot the UK welfare regime from a conditionality-based model to a rights-based one, transforming ESA's legacy from one of behaviour control to one of empowerment.

6. Conclusion

This paper has examined how the design and conditionality of the ESA have reinforced structural inequalities among disabled claimants in the UK. Drawing on the theoretical frameworks of welfare scarcity, social exclusion, and reproduction of inequality, it has demonstrated that ESA's core mechanisms, particularly WCA, have shifted the welfare system from a model of social protection to one of behavioural regulation. The interaction of budgetary constraints, sanctions, and moralised distinctions between the "deserving" and "undeserving" poor reveals a welfare regime that prioritises discipline over support. These institutional logics have yielded tangible social consequences: financial insecurity, reduced labour market participation, heightened stigma, and profound psychological distress among claimants. While framed as an activation policy, ESA has frequently undermined the very goal, deepening the marginalisation of disabled people in both

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economic and social terms. Overall, the analysis underscores how the design of ESA, viewed through a welfare scarcity perspective, has produced lasting social effects that extend beyond economic hardship, revealing how welfare institutions themselves can perpetuate inequality within the UK.

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