

# Citizens Advice Scotland

Scottish Association of Citizens Advice Bureaux



## Local Government and Communities Committee: Call for Evidence on Child Poverty

A response from Citizens Advice Scotland

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Citizens Advice Scotland and its 71 CAB offices form Scotland's largest independent advice network. CAB advice services are delivered through 208 service points throughout Scotland, from the islands to city centres.

The CAB service aims:

to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively

and equally

to exercise a responsible influence on the development of social policies and services, both locally and nationally.

The CAB service is independent and provides free, confidential and impartial advice to everybody regardless of race, sex, disability or sexuality.

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# Introduction

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1. Citizens Advice Scotland (CAS) is the umbrella organisation for Scotland's network of 71 Citizens Advice Bureau (CAB) offices. These bureaux deliver frontline advice services throughout nearly 200 service points across the country, from the city centres of Glasgow and Edinburgh to the Highlands, Islands and rural Borders communities.
2. In 2006/07, bureaux across Scotland dealt with 444,112 new issues, a 9% increase on the previous year. The largest area of enquiry relates to state benefits (31%), followed by consumer (22%) and employment (11%). More detailed analysis reveals that the biggest single issue brought to bureaux is consumer debt (14%), followed by disability benefits (6%). Our enquiries are therefore dominated by issues which arise from, or contribute to, poverty.
3. Citizens Advice Bureaux are available to anyone to use, and there is no such thing as an average CAB client. However, as a whole, users of the CAB service do share some common characteristics. For instance, compared with the general population, they are more likely to live in council housing (32.8% versus 20.6%) or other rented accommodation (21% versus 10.1%); less likely to be in full time employment (20.7% versus 45.5%) and more likely to be unemployed (21.2% versus 4.5%)<sup>1</sup>.
4. CAS welcomes the opportunity to submit evidence to the Scottish Parliament's Local Government and Communities Committee's inquiry into child poverty in Scotland. As indicated above, we are well placed to comment in this area because of both the nature of clients seen by bureaux and the types of issue they bring. CAS has recently submitted written and oral evidence to the Scottish Affairs Select Committee's Enquiry on Poverty in Scotland<sup>2</sup>, and a written response to the Scottish Government's consultation on tackling poverty<sup>3</sup>.
5. Our evidence is based on the actual experiences of CAB clients, anonymised and presented as client case evidence. This is made possible by the service's social policy feedback mechanism. Bureaux throughout Scotland highlight the problems in their area by sending in specific case examples that are indicative of wider issues. This information is collated and analysed by CAS, in conjunction with statistics from each bureau detailing the issues about which their clients are seeking advice and assistance.

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<sup>1</sup> Social profile of CAB clients, CAS, May 2005

<sup>2</sup> Scottish Affairs Select Committee Inquiry on Poverty in Scotland, CAS, October 2006

<sup>3</sup> Tackling Poverty: A response from Citizens Advice Scotland, CAS, June 2008

# CAS evidence: Benefits & Tax Credits, and Employment

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6. The Committee has highlighted a number of areas of interest on which it is particularly keen to hear views. We have confined our evidence to two of these areas in which we have the most expertise, namely benefits & tax credits, and employment. Furthermore, because the Committee is keen to identify areas in which action can bring about immediate and significant difference, we have limited our comments to specific policy areas within the remit of the Scottish Parliament.

## Benefits & Tax Credits

7. The legislation governing welfare benefits is reserved to Westminster and, consequently, the extent to which the Scottish Government can tackle child poverty via benefits and tax credits is limited. There are, however, two key areas in which CAS believes the Scottish Government could effect positive change.

## Supporting advice provision across Scotland

8. The UK's benefit and tax credit systems, and the interactions between them, are incredibly complex and difficult to understand. Enquiries about benefits and tax credits represent the CAB service's largest area of enquiry, accounting for just under one third of all enquiries last year.
9. Advisers at citizens advice bureaux offer clients a range of support services in relation to benefits and tax credits. They help clients to understand and navigate the complex systems, ensure they are claiming everything to which they are entitled, calculate how their income might be affected by a move into work, assist with applications and support them to appeal.

An East of Scotland CAB reports of a lone parent client with three children currently on maternity leave. She was planning on giving up work as her sister who minds the two elder children cannot cope with the baby as well. She wanted to know what benefits she would be entitled to, and how to claim.

10. Our client evidence demonstrates that the advice and support provided by bureaux in relation to welfare benefits is a) necessary, b) effective and c) under-resourced.
11. Advice and support is *necessary*. The gains for those who are most vulnerable are perhaps seen most clearly in one of the most routine tasks undertaken by bureaux – assistance with filling in forms. According to the latest survey of adult literacy: 22% of Scots have the lowest level of document literacy, 25% of people in Scotland sometimes need help with filling out forms and 20% require help with reading information from

government departments, businesses and other institutions<sup>4</sup>. The strong relationship between poverty and poor literacy means that, without CAB assistance, disadvantage is preserved rather than overcome.

A North of Scotland CAB reports of a client who had had to give up work due to child care problems. She tried to claim income support by phone, but was told the system was down and they would send a form for her to complete. She was having problems filling it in and came to the CAB for help.

A West of Scotland CAB reports of a client who came for help filling in a disability living allowance form. She has anxiety and depression and found the amount of paperwork involved too difficult to deal with on her own.

12. Advice and support is also necessary because the increasing complexity of the benefits and tax credit systems makes administrative failure by Government more common. The drive to modernisation and centralisation of the DWP's services has also meant that some CAB clients are left unable to access essential Government services without help and support. The consequences of these failures can be catastrophic, particularly given that the client group targeted by the benefits system is, by definition, more vulnerable.

A West of Scotland CAB reports of a client couple who were bringing up their grandson. They were told they had been overpaid tax credits, but the Revenue had used incorrect figures in the calculation. The CAB adviser contacted the Revenue to advise them of this, and was told that their computer system has the correct details. They could not explain why the paperwork was different.

An East of Scotland CAB reports of a client whose jobseeker's allowance had not been paid into his bank account as expected. He went to his local jobcentre plus office, but they told him he had to phone the benefit delivery centre. The client did not have a phone and the local jobcentre said they could not provide one.

13. Advice and support is *effective*. Maximising our clients' incomes – primarily through benefits take up and tribunal appeals – literally puts more money in the pockets of Scotland's poorest people, and is thus a very effective means of tackling child poverty. In 2006/2007, the CAB service helped gain £48.3m for clients in confirmed financial gain. A further £27m was negotiated in reduced debt payments.

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<sup>4</sup> Adult literacy in Scotland: analysis of data from the 1996 Adult Literacy Survey, page 6

14. The advice and support offered by the CAB service also brings about softer benefits for clients that are not as easily measured but which nonetheless have a hugely positive impact on clients' lives, and in tackling child poverty. For example, case evidence shows that CAB clients also place significant value on the support they receive in terms of their emotional health and well-being as they go through the appeal process. The following comments were made by clients participating in our 2006 research into illness and disability<sup>5</sup>:

“It was a complete shambles. The system is not suitable for people with major cancer who are receiving active treatment but do not qualify for the ‘fast-track’ system. I would not have been able to apply or fight the refusal without the help of the CAB”

“[The IB appeals process is] Too complicated and stressful. When one appeal is successful it seemed like no time until I was sent for a medical again. Couldn't have managed without [CAB] help”

15. In addition, the benefits of advice provision are not just conferred on those individuals who seek advice, but extend into their local communities and beyond. Research by the Fraser of Allander Institute in 2005 showed that the majority of the £5.48m of client financial gain from Glasgow bureaux was spent on goods and services in the local area. It therefore directly led to the creation of 98 jobs in Glasgow, which tended to be created in the local community, and a further 22 across Scotland<sup>6</sup>. The merits of advice services thus extend far beyond the individuals who seek the advice, bringing tangible benefits
16. The advice and assistance offered by the CAB service is also rated very highly by those who have used it. A recent MORI survey of CAB clients found that 98% felt able to trust the confidential service, 94% were satisfied with the CAB service overall, 92% were likely to use it again and 94% would be ‘certain to’ or ‘very likely to’ recommend the CAB to a friend or relative<sup>7</sup>.
17. However, advice and support services in Scotland are currently *under-resourced*. Our figures show, for instance, that in 2005/06, Scottish bureaux had to deny 337 clients representation at tribunal due to a lack of resources. The total amount of unmet need across Scotland is likely to be very sizeable, and can have a significant and detrimental impact on clients and their families. We are particularly concerned about this in light of research by the DWP which estimates that there will be 20,000 more appeals per year under the new system of Employment and Support

<sup>5</sup> Paying the price: The real costs of illness and disability, CAS, July 2006

<sup>6</sup> The Effect of Citizens Advice Bureaux on the Glasgow economy, Fraser of Allander Institute, March 2005

<sup>7</sup> MORI 2006 briefing sheet, Citizens Advice Scotland 2006

Allowance, compared with the current level of appeals in relation to incapacity benefits<sup>8</sup>.

18. Advice and support services are vital in ensuring that all citizens – and particularly the most disadvantaged - can engage effectively with both state and other institutions, and do not suffer through a lack of knowledge of their rights or the services available to them. The Scottish Government has a key role to play in ensuring that a comprehensive, well-resourced and stable advice and support network extends right across the country.

### **Take-up campaigns**

19. Another key area in which the Scottish Government can work to tackle child poverty is in relation to benefit take-up campaigns. Current take up levels of many benefits are poor. Recent figures from the DWP indicate that between £9,090m and £14,380m of means-tested benefits and tax credits were unclaimed in 2005-06<sup>9</sup>.
20. Our case evidence shows that the reasons for this low uptake are many and varied. In some cases, clients are simply not aware of the benefits to which they are entitled. There is very low recognition, for instance, that housing benefit can be claimed by people who are in work but on low incomes, and this can act as a barrier to employment. Other clients are aware of their entitlement but have made a deliberate decision not to claim, perhaps because of a previous poor experience with DWP or HMRC that has left them reluctant to claim again.

An East of Scotland CAB reports of a lone parent client with three children aged under 16. She came to the bureau as she was having financial problems. A benefits check revealed she was entitled to housing benefit and council tax benefit of about £6/week. She had not realised she was entitled to these benefits.

21. As noted in the previous section, advice and assistance has a clear role to play in increasing benefit take-up. CAS was delighted to see this recognised by the Scottish Government in its recent consultation paper on tackling poverty<sup>10</sup>. However, often low take-up is particularly extreme in very vulnerable and hard-to-reach groups. Consequently, in addition to the generic benefit advice and support offered by advice agencies such as citizens advice bureaux, we believe that significant inroads into child poverty could be made by targeted take-up campaigns, led and funded by the Scottish Government.
22. Of particular relevance in tackling child poverty would be a campaign designed around the needs of those lone parents who will no longer be able to claim income support on the grounds of being a lone parent,

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<sup>8</sup> Impact Assessment of The Employment and Support Allowance Regulations 2008 - Public Sector Impact only, page 10, DWP, March 2008

<sup>9</sup> Income Related Benefits Estimates of Take-Up in 2005-06, September 2007

<sup>10</sup> Taking forward the government economic strategy – A discussion paper on tackling poverty, inequality and deprivation in Scotland, Scottish Government, January 2008

following the DWP's latest round of welfare reforms. This will affect lone parents whose youngest child is 12 from November 2008, ten from October 2009 and seven from October 2010. The DWP has estimated that, for the first tranche who will be affected in 2008, 45% will move to jobseeker's allowance, 15 % will remain on income support (on grounds other than being a lone parent), 16% will move to ESA, 8% will find work and 15% are unknown. This will clearly be a big upheaval, and it is imperative that this group of lone parents is supported throughout the process. For the 15% for whom the DWP cannot predict a 'destination', it is imperative that they have comprehensive benefit checks to establish they are receiving everything to which they are entitled.

23. An additional area in which CAS believes a focused take-up campaign could help address child poverty is in relation to tax credits and migrant workers. Recent (and as yet unpublished) research by CAS into migrant workers indicates that their most common benefit enquiries were concerned with working and child tax credits. The majority of clients were eligible for these benefits, but experienced difficulties applying for them and tracking the progress of their claims<sup>11</sup>.

A North of Scotland CAB reports of a Polish client who has worked in Scotland for three years. He lives with his wife and child and wanted to know if he would be able to apply for working tax credit and child tax credit.

24. Low take up of benefits is clearly critical to the individuals who are missing out on money to which they are entitled. But this is money that, if claimed, would directly benefit not only those individuals making the claim, but also their local communities and the Scottish economy as a whole. It is also money that is drawn from HM Treasury into Scotland. Funding from the Scottish Government to improve benefits take-up therefore has a multiplying effect – the amount of money secured, and the concomitant benefits, far outweighs the cost of any take up campaign.

### **Employment: Supporting parents into decently paid work**

25. In 2006/07, bureaux across Scotland handled 47,388 issues relating to employment – 11% of the total number of issues dealt with by Scottish bureaux and the third most common problem area brought to the service.
26. Employment does not provide a guaranteed route out of poverty. Indeed, half of children living in poverty in the UK live in families where an adult is working full time<sup>12</sup>. Case evidence shows us that, for some CAB clients, work merely means a transition from out-of-work poverty to in-work poverty.
27. However, work does offer an important route out of poverty for many people and, consequently, CAS broadly supports the UK Government's

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<sup>11</sup> A8 CAB clients in Scotland: Understanding advice and information needs, CAS, awaiting publication

<sup>12</sup> Poverty in Scotland 2007, CPAG in association with SPIU and Poverty Alliance (2007)

target of increasing the employment rate from 75% to 80%. In particular, we support the focus from both the UK and Scottish Governments on improving the employment chances of marginalised groups, through initiatives such as Pathways to Work, the Working for Families Fund and Workforce Plus.

## Childcare

28. Case evidence demonstrates, however, that many CAB clients are still struggling to overcome the barriers that stand between them and employment. One of the most common of these is a lack of flexible, affordable and appropriate childcare. This can pose a particular problem for parents with sick or disabled children, who report that the specialist provision they need is simply not available or is prohibitively expensive. This lack of childcare can make it hard – particularly for lone parents – to combine employment with aspects of family and working life, such as school holidays, or changing shift patterns.

An East of Scotland CAB reports of a client with a two year old child. She takes the child to work with her as she is unable to afford childcare.

A West of Scotland CAB reports that many clients working in the city centre cannot get home in time to collect their children from after school clubs, which close around 6pm. If their children are over 11, there is no out of school provision. Parents are left with a dilemma – to choose not to work, or to choose to work and leave their children unsupervised at home.

29. Indeed, a lack of appropriate childcare is the single biggest barrier to improving parents' employability<sup>13</sup>. Despite significant improvements in recent years, and an overt commitment to improving childcare by both the previous and current administrations in Scotland, provision remains patchy and the "most expensive in Europe"<sup>14</sup>. Wrap-around childcare is still an aspiration, rather than a reality. CAS therefore calls on the Scottish Government to ensure access is extended to high-quality, affordable and flexible childcare services that match children's needs and parents' working patterns.
30. The issue of childcare is of particular concern in the context of current UK-wide welfare reforms that will see certain groups of lone parents moved from income support to jobseekers allowance, starting in November 2008 for lone parents whose youngest child is 12. Although childcare issues have been a priority at both Holyrood and Westminster, the very fact that childcare is a devolved issue means that services and policies have been developing in a different way and at a different pace. Assumptions cannot therefore be made about the availability of childcare in Scotland based on what is happening in England. For instance, in

<sup>13</sup> Combined response

<sup>14</sup> Poverty in Scotland 2007, CPAG in association with SPIU and Poverty Alliance, 2007

England there is a statutory requirement through the Childcare Act 2006 for local authorities to ensure that childcare is available for all working parents, whilst there is no such requirement in Scotland.

31. Issues to do with lone parent employment, childcare and child poverty are all closely related. Consequently, we would like confirmation that the Scottish Government is working closely with the DWP on this vital issue, and have previously called for evidence that a suitable system of childcare is in place *before* lone parents are moved to the jobseeker's allowance regime<sup>15</sup>. Otherwise, there is the clear risk of introducing UK-wide welfare reform policies, without the infrastructure to support the chances at a devolved level.

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<sup>15</sup> In work, better off: Next steps to full employment – A response from Citizens Advice Scotland, CAS, October 2007

## Conclusions

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32. CAS welcomes this opportunity to respond to the Committee's inquiry into child poverty. It is particularly welcome at the present time, given recent figures indicating that the reduction in child poverty figures in Scotland has stalled, with the number of children living below the poverty line remaining largely unchanged between 2006 and 2007<sup>16</sup>.
33. We recognise that many of the levers for tackling child poverty – such as welfare benefits and employment – are reserved to Westminster. However, we have identified three key areas in which we believe a firm commitment from the Scottish Government could lead to immediate and significant improvements in child poverty, namely support for benefits advice provision, benefit take-up campaigns and improved childcare.
34. Closer links with UK Government departments would also be beneficial, particularly on areas where there are significant areas of overlap between reserved and devolved policy areas, such as welfare reform. We would also urge the Committee to examine how well UK and Scottish initiatives that have the same policy aims are developing and meshing together, such as the DWP's city strategy pathfinders and the Scottish Government's Workforce Plus, which both seek to move vulnerable people into work.

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<sup>16</sup> Scottish households below average income, 2006/07: A national statistics publication for Scotland, Scottish Government, June 2008