

Citizens Advice Scotland

Scottish Association of Citizens Advice Bureaux
www.cas.org.uk



Expert Working Group on Welfare: Call for Evidence

Response from Citizens Advice Scotland

March 2013

- Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.
- Citizens advice bureaux in Scotland helped clients with over 500,000 new issues in 2011/12 – more than 1,400 new issues for every day of the year. Nearly 200,000 clients brought new issues to a bureau over the year.
- In 2011/12, Scottish bureaux achieved a financial gain of almost £140million for clients based on funding of £16.9million.

Citizens Advice Scotland (CAS) welcomes the opportunity to respond to this call for evidence. CAS draws on the expertise and experience of the Citizens Advice Bureaux service across Scotland. As a result we are very well placed to identify the necessary principles which should underpin a Scottish social security system and its delivery, and the priorities for change, reflecting the issues we know clients face within the current system. This forms the first part of our response, which is particularly relevant to consultation questions 3, 4, 5 and 7. The second part focuses on parts of the consultation not already addressed.

All the case studies in this document are from 2013 unless otherwise stated.

Note on language

We have chosen not to use the language of “welfare” in our response. The current UK benefits system was originally founded with the aim of providing social security and national insurance for the individuals who together make up our communities. The term “welfare”, and the rhetoric associated with it, can be seen to emphasise individual support and undermines the importance of the collective benefit of having a system of social protection for all members of the community, no matter their current or future circumstances. In addition, its use distracts attention from the collective social cost of failing to provide effective social protection both for those who may find themselves at risk of poverty and destitution and for society more widely. We have chosen to use the language of “social security” in our response and recommend a return to this language by the Scottish Government.

A vision for social security in Scotland

The aim of the social security system should be to provide a coherent, fair safety net for the citizens of Scotland in order to achieve a more equal and socially just society. Ultimately, every Scottish citizen should have the ability to access the essentials for living and expect to be treated in a dignified manner by the wider society.

A good social security system can prevent problems and costs arising in other areas, for example by helping to avoid destitution, homelessness and worsening physical and mental health. It can also support local economies by increasing citizens’ spending power. Conversely, if the system is poorly designed or badly administered it can have the reverse effect. Findings from the Civil and Social Justice Survey¹ show that 27% of those who experience problems with benefits suffer stress-related illness as a consequence, and 12% experience physical ill health. Research from the Fraser of Allander Institute at the University of Strathclyde² focuses on the costs of adverse consequences had advice not been provided, the costs also demonstrate the importance of an effective and efficient social security system.

¹ Civil and Social Justice Survey, Legal Services Research Group

² Fraser of Allander Institute (2012) The financial benefits of advice provision – the example of the Citizens Advice Service in Scotland

Costs resulting from benefit problems	2011/12 figures
<i>Stress illness costs</i>	<i>£7.8m</i>
<i>Physical ill-health costs</i>	<i>£2.3m</i>
<i>Additional unemployment benefit costs</i>	<i>£1.2m</i>
<i>Additional output losses (failure to produce goods and services in economy as a result of unemployment)</i>	<i>£1.7m</i>

From Fraser of Allander Institute (2012)

Social security should be structured around a clear framework of principles. These would form the basis for the immediate and long-term development of a distinctively Scottish social security system. It would ensure it is holistic, reflects the needs of the Scottish population and provide a valuable reference point and tool for accountability as the system develops over time.

We have set out a set of principles which should underpin the development of any social security system:

1. Based on clear and fair rights and responsibilities

A new social security system should be grounded in a clear and fair social contract of **rights and responsibilities** for both Scottish citizens and the government.

The starting point for these should be the aims of the International Covenant on Economic, Social and Cultural Rights 1966 (which expands and concords with the Universal Declaration of Human Rights 1948), in particular the aims of articles 9 to achieve “the right of everyone to social security, including social insurance”, and article 11 concerning “the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.”

We recognise that there may be need to find ways to ensure that both parties fulfil their part, but government in particular must exercise this in a responsible and proportionate way so that individuals are **treated in a dignified way which does not make their circumstances worse.**

An East of Scotland CAB reports of a client who owes nearly £14,000 in overpayment of Working Tax Credit and Child Tax Credit to HMRC. This occurred when her husband was not living with her due to severe depression, but she has no evidence to prove he wasn't living there so she must repay the Tax Credit. She is repaying £50 monthly till 2035 and has not missed a payment. But yesterday she received notice from HMRC to repay the full amount immediately or a Summary Warrant would be issued. She rang to remind them about the agreement but was told the best they could now offer was £1,500 monthly for 12 months. The client has no way of paying this. She works part-time, has three children aged 17, 14 and 8. Her husband is back staying with her and between them they earn about £27,000 annually. The client is very distressed.

2. Responsive to need

- Ensures all Scottish citizens have the **power to meet essential basic living costs** through appropriate levels of support.

An East of Scotland CAB reports of a client who has been on JSA, but was sanctioned because there weren't enough entries in his job diary. He went to Jobcentre Plus and four days ago he applied again for JSA and also the hardship fund. In the meantime he has no power and no money to pay for credit. He has two children of four and six years who spend a lot of time with him as his ex-wife works full time. He couldn't apply for another crisis loan as he had exceeded the limit for the number of times he could apply. The only option to get cash quickly was to apply for a Section 12 payment but the social care team say they don't provide money for utilities.

- **Responds promptly and appropriately** to changes in circumstances.

A West of Scotland CAB reports of a client who moved to the area from elsewhere in Scotland. She received her last JSA payment on 02/11/12. When she arrived in the new town, she signed on for JSA at the Jobcentre on 13/11/12, however she has heard nothing regarding her claim. She completed a new claim on 23/11/12 still with no result. Finally she completed her third JSA application on 06/12/12. She then came to the bureau. The adviser contacted the Jobcentre office who said there was no record of any claims made by the client for JSA. It was suggested that the applications were lost either in the mail or the system.

- A balance of **universal and targeted support** depending on people's circumstances
- Pays specific consideration to **circumstances more prone to vulnerability**, including lone parents, disability, worklessness, old age, lone parenthood, and provides additional levels of financial support where appropriate.
- **Support for any person who is destitute**, for whatever reason. This should be part of a wider multi-agency strategy to prevent destitution.

An Island CAB reports of a client who is on ESA and has council tax and crisis loan debts which are being deducted from his benefit payment. His Crisis Loan repayments are due to finish in the next couple of weeks. He has other debts. His benefit is not due to be paid for another two days. He had no money for food and hasn't eaten anything except a cup of tea for two days.

3. *Transparent and accountable*

- The system must be as **straightforward, transparent and accessible** to claimants as possible.

An East of Scotland CAB reports of a pensioner who came in because he had received a letter from DWP claiming that he had been overpaid benefit of £716.63 and containing a deduction schedule from his pension, which commenced the day before the date of the letter. No detail was given of the overpayment. When the client telephoned DWP he was informed that the overpayment was related to Income Support paid in 2000. They said it would be too difficult to get the paperwork out to provide more details.

- Administration should be **consistent and cost-effective**.
- It should be possible to resolve any problems swiftly and without disproportionate effort. Claimants must not be penalised for problems not of their own making.

A West of Scotland CAB reports of a single mother with five children aged between 1 and 17 in receipt of Income Support. When visiting the bank her son discovered there was no money. The client should have attended a meeting with DWP regarding Income Support, but she could not make it due to having slipped a disc in her back. Although both she and her mum tried calling they could not get through. The bureau adviser spoke to the person the client was due to have a meeting with at the local office regarding getting the income support reinstated, as this was the reason for no money in the bank. He supplied two numbers to call. Both numbers hung up on the CAB adviser as soon as he went through the usual steps of press 1 for this and 2 for that. He went back to the person at the local office who said he could not do anything, despite there being five children with no food. After about 15 minutes he agreed to send an urgent email. During the conversation the person from the local office did say the client could be lying as they answer each call. The bureau adviser pointed out that she had been hung up on twice herself without even getting to speak to them. Another bureau adviser tried to contact the DWP regarding crisis loans, another colleague tried social work but social work didn't want to know. Finally the bureau was informed that Income Support would be reinstated. This took 2½ hours.

- The system should be designed with appropriate tapers to avoid benefits traps, so that **no one is worse off in work**
- Clear and effective **routes to challenge** individual decisions.
- If administration is contracted out, **contracts must be drawn up effectively** and in line with the governing principles of the system. Contracts must be thoroughly monitored and enforced.
- Subject to regular and thorough political and independent **scrutiny and audit**.

4. Fairly administered

Benefits need to be **administered fairly and effectively** to provide best value, and to ensure that when people claim they receive the correct level of benefit promptly, and are not left with gaps in their income. As can be seen from the case examples, much of bureaux advisers' time on benefits is spent addressing administration problems, and too often bureaux have to explain to DWP advisers how the system works.

A North of Scotland CAB spoke to a client to ensure she has been notified that she has been awarded high rate Attendance Allowance. She had received notification but it had stated that she requires frequent attention throughout the night. The client does not get frequent attention throughout the night and so telephoned the DWP this morning to inform them of this. The adviser at the DWP stated that she should not be getting high rate if she was not receiving assistance throughout the night and stated he would send her another form to complete. The bureau advised the client that this was not correct and the DWP have given her the wrong information.

- The system should be **coherent**, with integration of administration between different benefits. This should include clear routes for passporting to other relevant benefits. Those administering the system and advising claimants should have an understanding of how the whole system works, and a detailed understanding of the areas they focus on.

A South of Scotland CAB reports of a client who is going through the ESA appeals process, having previously received ESA and then been assessed as fit for work. For a while he received no money and is now receiving the basic rate. When he lost his ESA he lost Housing Benefit and Council Tax Benefit and had to reapply. The client lived with his mother until she went into long term care. The client has an overpayment of Income Support which happened about the time his mother went into permanent care. The DWP now want to deduct this overpayment from his benefit at a rate he cannot afford on basic ESA. He has cut down on food, heating, cleaning materials and can't replace clothes. He can't afford the bus fares to take a job outwith the immediate area. He is worried about the under occupancy rule which will apply to him now he lives on his own as he would have to find £11 per week rent. He has tried to find one bedroomed social housing but there is none available in a housing area as good as he currently lives in or where he might have a chance of a job. The client says he is depressed as a result of unsuccessful job searching. He is going to the hospital today about a heart condition.

- For claimants who find it difficult to access mainstream services **additional support** with the administrative process should be available. This should be defined based on an assessment of claimant profile, but is likely to include language barriers, disability or low levels of literacy.
- Should claimants fail to meet the responsibilities, **responses must be proportionate**.

- Systems should be in place for advocacy and representation, and mandates for advice workers.
- There should be a culture of **supporting claimants, treating them with dignity and respect**, rather than stigmatising them

A West of Scotland CAB reports of a client who came into the bureau regarding an interview he had at his Jobcentre. This interview was arranged for him by his adviser on the basis that it was a double-check on the information that the DWP has on him. However the client felt that the true reason for the interview was a compliance interview to make sure that people were not working / earning and placing sanctions. The client was informed that if he had not attended the interview then he would have been sanctioned and if he did not provide the requested information then he also would have been sanctioned. The client was asked to provide bank statements though none should have been required. The client also felt that the letter requesting him to attend the interview used threatening language and would lead claimants to think that they have done something unlawful.

5. Sustainable and integrated with other services

- A new social security system must have a **sound financial underpinning** and be **sustainable in the long term**.
- The financial structuring should recognise the interrelationships between benefits and other areas of national and government spending.
- The benefits system operates within a network of other social support, and this network must be **integrated at financial, policy and operational levels**, both nationally and locally. Thought needs to be given to how such service could and should be integrated, to include areas such as:
 - Health services
 - Social services
 - Housing and homelessness services
 - Employment support
 - Areas of national policy including business, employment conditions and pay, childcare
 - Independent advice and advocacy, including money and debt advice
- The system needs to be backed up by **publicly-funded free impartial and independent advice**, such as that provided by CAB. Such advice is highly cost-effective, and can ultimately provide substantial economic and social benefits. The Fraser of Allander research³ estimates that the Citizens Advice Service in Scotland provides the following gains to the Scottish economy:
 - Client financial income of £63 million which leads to a further £27.4 million in wages and 1246 jobs supported by this income

³ *Op cit.*

- Savings to the tax payer of £42.7million (£14.5m in health care costs, £12.9m in JSA savings, and £15.3m in homelessness prevention)
- Contribution to economic growth of £19.5 million (as a result of clients not losing their job and remaining in productive employment)
- Employment and wages supported by CAS/CAB as employers and purchasers of services and goods which support a total of 1092 jobs and £13.6m wages in Scotland.

6. Developed in consultation

It will be important for a Scottish social security system to be **developed in partnership with those who best understand its impact and operation**. This should include those with professional expertise and those with personal experience of claiming benefits, with the **focus for design being on the end user**. Bureaux have significant expertise on how the social security system currently operates and on the types of issues faced by those who access the system, many of whom use bureaux. This knowledge, channelled through CAS, will be valuable in preparing a social security system which is fit for purpose.

Response to specific questions of the Call for Evidence

Q3: Impact of current welfare reforms on services

The above section of this response deals with some of the principles that must form the bedrock of a Scottish social security system, based on bureaux' experience of the current social security system.

The CAB service in Scotland is already experiencing a considerable impact from the benefit changes and cuts introduced by the UK government. Over recent years, the Scottish bureaux service has seen a huge increase in the number of benefits cases they have advised on. Over the past five years while the number of new issues brought to bureaux has increased by 9%, the number of benefit issues has increased by 39%⁴. In 2011/12 bureaux saw 84,461 clients with over 187,229 new benefits issues. This is in addition to repeat issues.

The number of forms and applications bureaux helped clients complete has doubled, and the majority (75%) of these forms relate to benefits.

A West of Scotland CAB reports of a client who is struggling to apply for JSA. He was told at the Jobcentre that he had to apply for JSA either over the phone or online and that there were no other ways to apply. The client cannot apply by phone as he has hearing difficulties and the client has no access to the internet. The bureau advised that the client has a right to make a claim on a paper application form and arranged for the Jobcentre to provide one. (October 2012)

A large proportion of these cases concern Employment and Support Allowance. Some clients come because of anxiety about changes to their long-standing Incapacity Benefit claim, but many are a result of people feeling that the assessment process treats them with a lack of dignity and comes to inappropriate decisions about their capacity to work. This view is supported by the high rate of successful appeals. Bureaux have seen a 55% increase in sickness/disability benefit issues since 2007/8, and a 62% increase in the number of cases where bureaux have represented clients at appeal since 2009/10, largely down to ESA cases.

Critically, bureaux are also seeing increasing levels of destitution, with a number of cases recently where clients attending bureaux have not eaten for several days. Some of this is as a result of benefits administration problems. According to the Trussell Trust⁵ half (48%) of the need for food parcels was caused by issues with benefits, including 30% due to delays in payments, but in our experience increasingly benefit sanctions are a major factor. In the second quarter of 2010 the

⁴ CAS (2013) Voices from the frontline: welfare reform and benefits advice

⁵ Trussell Trust press release 26/04/11, *UK foodbanks double numbers fed in one year*
<http://www.trusselltrust.org/resources/documents/UK-foodbanks-double-numbers-fed-in-one-year1.prd> [accessed 10/08/12]

number of sanctions applied to benefits in Scotland increased fourfold⁶, following a change in the way sanctions could be applied. There was a further increase during 2012, and at the end of 2012 a much harsher sanction regime was introduced for JSA, and for the first time sanctions were introduced for ESA claimants (all of whom have significant disabilities or health conditions).

The impact is already apparent on food banks and bureaux, and it is likely to have an effect on other voluntary sector and charitable services: the number of applications for charitable support bureaux have supported over the past two years has doubled. With the latest changes, and more forthcoming, this is only likely to increase.

Although many of the reforms will not come into effect until April, bureaux are already seeing people coming seeking advice on how the changes and cuts will affect them and what they will need to do as a result. For example, in relation to the “bedroom tax” bureaux began to see people in relation to this in October.

A West of Scotland CAB reports of a client whose sister has received a letter from the local authority stating that she is underoccupying her tenancy and will have to pay £75 a week for rent. The sister claims DLA and is in receipt of full Housing Benefit. The client’s sister inherited the tenancy from their parents and has lived in the house all of her life. The client says that there are no suitable one bedroom properties in the area and that her sister is stressed by the situation and has already had a mental breakdown. The client had visited her MP and was told that her sister could be made to leave the property or forced to rent out rooms. (October 2012)

While much planning is going on for the implementation of further reforms from April 2013, this is proving difficult because the level of uncertainty about the exact impacts of these changes is considerable. This is exacerbated by the failure of UK government to effectively assess, or even recognise, the scale of impact the combined benefit changes will have.

CAS is particularly worried about the impact of the future reforms on disabled people, for whom there are very significant reductions in the number and level of benefits available, and those on the very lowest incomes. CAS is also aware of considerable activity in the housing sector to handle the impact of the under occupancy changes from April. The bureaux service is expecting to see increasing numbers of clients with rent arrears and other debts, benefit problems and budgeting advice.

Q4: Opportunities from welfare changes

CAS see a number of opportunities arising from benefit changes, notably the development of a distinctively Scottish social security system. In particular, there is a significant opportunity to develop a system which is coherent and principled, and to effectively integrate social security with wider public services. This should promote seamless provision for recipients and cost-efficiency savings.

⁶ CAS (2012) Voices from the frontline: Sanctions

Q5: Key factors in ensuring an effective and efficient process of delivery of welfare benefit payments

The first section of this response identifies many of the factors needed to deliver social security payments effectively and efficiently.

However, principles never stand alone, but are shaped by the practicalities of implementation and by the wider political, social and economic context. For example, CAS supports many of the principles underpinning the development of Universal Credit, but nevertheless has serious concerns about the implementation of Universal Credit, particularly in the context of increasingly negative political and media rhetoric around those who claim benefits and savage cuts to the social security budget.

Moreover, as the case examples illustrate, there is a long way to go before the current benefit administration system is effective and fit for purpose. While it may make sense, particularly in the short term, to build on the current infrastructure should Scotland gain powers in this area, significant work will need to be done to ensure that benefits administration is fair, effective, efficient and treats claimants in a dignified way. The claimant must be at the heart of any changes that are implemented. A smooth, thoroughly planned transition, including transitional protection for claimants, will be vital.

Q6, 7: Immediate and longer term delivery options

Improving the administration and delivery of the benefit system must be an immediate priority, including improved training for advisers. Improved integration of advice support with the benefits system, for example through systematic referrals between Jobcentres and the Scottish CAB service, would help prevent claimants being passed from pillar to post.

Longer term, we would like to see an imaginative use of technology and community resources. Whilst it is not helpful to require claimants to make use of technology which they cannot access, a permissive use of technology could be beneficial. For example technology could be developed to allow claimants in rural areas to handle aspects of their claim in their local post office, rather than having to rely on the post or travel long distances to the Jobcentre. To support the integration of support, co-location of services could be considered.

Q8: Challenges created by UK Government reforms

As discussed, the failure to publish an assessment of the collective impact on benefit changes on the population, collectively and broken down into different groups, and on other services, is a key challenge, as no clear judgement can be made of the full and cumulative impact of the range of changes, or the total financial impact on public finances and public and third sector services. The speed of changes exacerbates the problem.

The UK government has refused to recognise that benefit changes will require any increase in advice provision. As discussed, having already seen a major increase in benefits issues coming to bureaux, particularly as a result of sanctions changes and ESA, we are already seeing people coming with concerns about future benefit

changes, and the likelihood is that the impact will be very significant. We strongly welcome the £5.4million recently announced by the Scottish Government for advice, but a longer term strategy is required to meet the increase in advice needs we expect over coming years.

We are concerned about the impact of forthcoming housing benefit changes, including but not limited to under occupancy. This is likely to have a significant impact on social housing providers, and early evidence from the Direct Payment Demonstration Projects suggests some of the changes to be introduced through Universal Credit may detract from the housing providers' core activities as they try to help tenants with budgeting and arrears.

The role of supporting people into sustained employment is essential, but there are barriers that clients face under the current system. The sanctions regime which Jobcentre Plus administer creates a power imbalance which, bureaux evidence shows, leaves some jobseekers feeling under pressure from those administering their benefits to take unsuitable jobs due to the threat of sanction. Clients can then face sanctions for not taking or leaving those unsuitable jobs – a judgement which can be made even if a client leaves a zero hours contract or leaves a working situation in which they did not earn enough or work enough hours to qualify for in-work support.

When looking for work, the mechanisms to support jobseekers are vital to matching candidates with suitable jobs. This matching is a fundamental factor of support into sustained employment. However, the current push towards 'Universal Job Match' as a primary source of job seeking can be flawed; the jobs listed on the website are not subject to scrutiny as to how they are listed; the push towards online does not recognise the reality of limited access to the internet or limited computer literacy which many clients face; and if clients are 'matched' with a wholly unsuitable job, there is no way to opt out of applying for it without being sanctioned.

The increasing evidence of destitution and people in crisis that bureaux are seeing is deeply worrying, and is likely to have a wider impact on the NHS, social work, housing and homelessness services, and ultimately on the economy.

Q10: Immediate priorities for change

CAS believes that the following areas should be immediate priorities for change in an independent Scotland:

- a. **Improved delivery of benefits.** A large proportion of bureaux work focuses on sorting out administrative problems with benefits, which is costly and stressful for clients, inefficient for the government and costly to bureaux. Improved training for Jobcentre advisers
- b. **A review of the current UK system** to identify the impact of recent changes, including the sanctions regime. It should assess whether the system is coherent and fair in its support for groups more prone to vulnerability, including disabled adults and children and lone parents, identify any gaps within existing support, and develop a strategy to address these in the short to medium term until a Scottish social security system is established.

- c. **Development of an effective, consistent and fair disability/sickness assessment system** based on international best practice.
- d. **An improved public understanding** of the economic and social costs and benefits of an appropriate system of social security, and an end to rhetoric and information practices which lead to the stigmatisation of benefits claimants. These include the conflation of fraud and error statistics, and the conflation of pensions and benefits budgets.
- e. **The integration of independent advice** into the system, including for example a clear system of referrals to and from Jobcentres and Citizens Advice Bureaux.

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