

In work, better off: Next steps to full employment

A response from Citizens Advice Scotland



Based on the evidence of
Citizens Advice Bureau
clients across Scotland

by Lindsay Isaacs
Social Policy Officer

October 2007





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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 nearly 200 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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Key messages

- Citizens Advice Scotland (CAS) supports the UK government's target of increasing the employment rate to 80% and increasing the employment chances of marginalised groups such as lone parents. However, we are not sure of the extent to which the policies proposed in the green paper will help meet these aims.
- Many of the proposals in the green paper are low on detail and not well enough developed to allow for meaningful comment. They outline the Department for Work and Pensions' (DWP) aims and aspirations, but not how they propose to get there.
- We do not believe that increased compulsion and sanctions are a necessary, appropriate or effective means of encouraging marginalised groups back to work. If the right support is available to the right people in the right ways and at the right time, there is no need for a coercive regime.
- The paper highlights the importance of skills training and childcare provision in supporting people to enter employment. However, these policy areas are devolved. We would therefore like the DWP to make clear what evidence it has that these support systems are in place in Scotland, *before* it increases the conditionality on lone parents.
- The green paper's policies focus almost exclusively on the responsibilities of claimants, without giving similar consideration to the reciprocal responsibilities of government, employers and externally contracted providers.
- We believe that many of the proposals are highly resource and labour intensive, and are concerned about the ability of Jobcentre Plus to deliver them effectively given the ongoing staff and resource cuts it is facing as part of the DWP's efficiency programme.
- Other key issues are either missing from the green paper or skirted over, such as the importance of sustained employability and measures for addressing employer discrimination.

Executive summary

Local Employment Partnerships

The jobs Pledge

- CAS broadly welcomes the introduction of the Jobs Pledge, but believes that the DWP and employers need to make an explicit commitment to the quality of the jobs offered through the pledge
- The Jobs Pledge will be labour and resource intensive for Jobcentre Plus to deliver. This is hard to reconcile with the staff and budget cuts resulting from the DWP's efficiency programme

Key issues absent from the green paper

- The green paper contains no new policy proposals for tackling the entrenched labour market discrimination that many marginalised groups face
- No mention is made of how the DWP intends to engage small and medium employers

Balancing of rights and responsibilities

- We would like to see a more detailed and explicit recognition of the responsibilities of government and employers in terms of delivering employment opportunities to marginalised groups.

The next steps towards full employments: Helping parents into work, helping children out of poverty

Lone parents

- We are concerned about the proposal to move lone parents from income support to jobseeker's allowance when their youngest child reaches 12 (and then seven from 2010)
- We do not believe this is appropriate because many lone parents face difficult and uncertain circumstances that are incompatible with the conditionality regime of jobseeker's allowance. In addition, we do not think it will be an effective way of increasing lone parent employment rates and tackling child poverty
- We would like to see evidence that flexible, affordable and accessible childcare is in place in Scotland *before* lone parents are moved from income support to jobseekers allowance
- We welcome the idea of lone parents only having to take up a job that will mean they are better off than on benefits, as long as this

is developed in a way that makes it a meaningful anti-poverty pledge

- There are a number of other barriers to making work pay that the UK government needs to consider, such as the housing benefit taper rates and the loss of passported benefits
- We would like to see a more explicit focus on job retention rates

Carers

- We welcome the conclusion that carers will not see the level of their work-related responsibilities increased

Flexible New Deal

- CAS welcomes the intention in the green paper to move to a more bespoke, citizen-centred New Deal programme
- We are concerned about the proposal that certain claimants who have failed to find work will be required to undertake a period of full-time work experience
- We believe that waiting a year before entering the flexible new deal will be detrimental to many disadvantaged claimants and would like to see the entry point moved to six months
- We welcome the commitment to moving people into sustained employment and look forward to hearing how this will be defined. We believe consideration should be given to two recent reports which suggested that sustained employment be defined as lasting one year and three years

Delivery through partnership

- CAS does not support the proposals for increased contracting out of services to the private and third sectors
- We are concerned that outcome-based contracts will lead to cherry-picking of claimants closer to the labour market, and would prefer a payment model that recognises phased progression to work

Scottish issues

- The green paper encompasses large policy areas – such as skills development and childcare – that are devolved to the Scottish government. It is unclear how many of the proposals will be implemented in this devolved context
- No mention is made of how the DWP intends to work with small and medium employers. This is of particular concern in Scotland, where 98% of all enterprises operating are small

- Tackling issues relating to lone parent employment rates poses a particular challenge in Scotland, which has a proportionally higher number of lone parents compared with the rest of the UK
- The increased conditionality regime for lone parents will prove particularly problematic for those living in rural Scotland, who face additional travel time and expense. These sorts of problems are magnified in the context of the DWP's efficiency drive which has led to the closure of local offices.
- The availability of childcare also poses particular difficulties in rural areas, a problem that will be felt particularly keenly in Scotland due to its large rural population
- We welcome the recognition in the green paper of the role that housing issues can play in creating a barrier to employment, and agree that local authorities have a key role to play as social housing providers. This issue is particularly acute in Scotland, where a greater percentage of the population lives in public sector housing.

Introduction

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. CAS welcomes the opportunity to respond to the DWP's latest green paper on welfare reform, *In work, better off: Next steps to full employment*. Our response is based on the actual experiences of CAB clients, anonymised and presented as case evidence. This is made possible by the CAB 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 social policy statistics from each bureau.
3. CAS is well placed to comment on the green paper proposals due to the make-up of our client group and the sorts of issues they bring to bureaux.
4. In 2006-07, nearly one third of all enquiries – 30.6% - related to social security benefits, which remains the largest broad area of enquiry for bureaux. Within this category, bureau advisers handled 5,665 enquiries about jobseekers allowance; 25,326 enquiries about disability benefits; 13,923 enquiries about sickness benefits; 10,347 enquiries about income support and 11,940 enquiries about tax credits.
5. Furthermore, last year over 10% of all enquiries brought to Scottish bureaux related to employment issues. The majority of these – 23,636 enquiries – were concerned with terms and conditions of employment. Other significant areas of concern were dismissal (7,023 enquiries), redundancy (3,734 enquiries) and discrimination/intimidation (2,162 enquiries).
6. *In work, better off: Next steps to full employment* focuses on helping groups that are far from the labour market and facing multiple disadvantage into work. Again, CAS is well placed to comment on these policy proposals as our clients are often very vulnerable and present with complex problems and overlapping needs. Research that we conducted last year into CAB clients claiming incapacity benefit and/or disability living allowance showed that, compared with the general population, they were more likely to be living in social rented housing and be in single parent households¹. Previous research CAS conducted into Scottish CAB debt clients showed that a fifth of debt clients were lone parents, making

¹ Paying the price: The real costs of illness and disability for CAB clients, Citizens Advice Scotland, July 2006

them the second largest group (after single adults) of CAB debt client in terms of household composition².

7. We are keen to engage as fully as possible with the UK government's ongoing process of welfare reform, as we believe that our evidence of clients' experiences are of significant value and should help inform current and future policy direction. In 2003, we responded to the *Pathways into work: Helping people into employment* consultation³, and in 2005 we responded to the DWP's proposals to reform incapacity benefit published in advance of the green paper⁴, as well as the Work and Pensions Select Committee's enquiry into the reform of incapacity benefit⁵. Most recently, last year, we responded to the welfare reform green paper, *A new deal for welfare: Empowering people to work*⁶.
8. CAS is also a founding member of the Scottish Campaign on Welfare Reform (SCoWR), a coalition of over 30 organisations representing and working with lone parents, people with disabilities, homeless people and other groups facing barriers to moving into work. SCoWR is submitting a separate response to the current green paper, which highlights the consensus of opinion which exists among its members over key concerns with the proposals.
9. CAS broadly welcome the UK government's aspiration of an 80% employment rate, and acknowledges the key role this target has as part of its wider strategy to eradicate child poverty by 2020. In order to reach this ambitious target, the DWP has acknowledged that it must focus on helping groups of people who have traditionally been excluded from the labour market. Again, CAS welcomes the aspiration of ensuring that everyone who is ready to work has the opportunity to do so.
10. However, whilst we welcome the broad aims that underpin the green paper, we have a number of concerns with the proposals regarding how they are met. Overall, we feel that the welfare to work agenda continues to ramp up the responsibilities of claimant groups, without paying similar regard to the responsibilities of government, employers and contracted providers. We are also concerned that the support systems and resources – such as childcare and high quality jobs - that are critical to allow claimants to fulfil their obligations are not necessarily in place.
11. In compiling our response, we have broadly followed the structure of the green paper, but have not limited our comments to the 16 specified consultation questions.

² On the cards: The debt crisis facing Scottish CAB clients, Citizens Advice Scotland, February 2004

³ Pathways to work - helping people into employment: A response from Citizens Advice Scotland, Citizens Advice Scotland, February 2003

⁴ Shaping the incapacity benefit reforms green paper: A response from Citizens Advice Scotland, Citizens Advice Scotland, June 2005

⁵ Work and pensions select committee inquiry into the reform of incapacity benefits: A response from Citizens Advice Scotland, October 2005

⁶ A new deal for welfare: Empowering people to work, A response from Citizens Advice Scotland, April 2006

Local Employment Partnerships

The Jobs Pledge

12. If the target rate of 80% employment is to be achieved, it is absolutely critical that *both* supply and demand sides of the labour market are addressed. There is little point in preparing people for work if there are no jobs for them to go to. CAS therefore welcomes the DWP's statement that underpinning these welfare reforms will be an assurance that people who are able and willing to work will get a job.
13. The green paper's new Jobs Pledge is intended to help provide this assurance. Under the pledge, the DWP will be "aiming for major employers, in both the private and public sectors, to offer a quarter of a million job opportunities...for people who are at a disadvantage in the labour market – such as lone parents and those on incapacity benefits – so long as they engage with the support available and are ready, willing and able to work"⁷.
14. The lack of detail available in the green paper makes it difficult to comment fully on the Jobs Pledge and, in many instances, more questions are raised than answered. For example, clarity is required regarding whether a job opportunity equates with a job vacancy, what the timescale is in relation to the creation of the job opportunities and if they will be equitably distributed across the UK. CAS looks forward to hearing further from the DWP as to how the Jobs Pledge will be developed and implemented and urges that these details are made public as soon as possible.
15. Broadly, CAS believes that the Jobs Pledge is an initiative with some merit, and particularly welcomes its focus on helping disadvantaged groups move into work. However, we also have a number of concerns that need to be addressed if the Jobs Pledge is to meet the needs of jobseekers as well as those of employers.

The quality of jobs offered through the Jobs Pledge

16. The green paper explicitly acknowledges that, in order to fulfil the UK government's dual aims of increasing employment and tackling poverty, the provision of good quality jobs is essential. It is disappointing, therefore, that there does not seem to be any explicit mechanism for guaranteeing that the jobs offered via the Jobs Pledge will be of a suitably high quality, providing well-paid, stable and sustainable employment.
17. We note that many of the companies that have signed up to the Jobs Pledge thus far are drawn from the retail, leisure and transport sectors. These sectors all performed particularly poorly in a recent Guardian

⁷ In work, better off: Next steps to full employment, DWP, July 2007, p35

survey examining the best companies to work for as a parent⁸. Zero hours working – an unpredictable form of employment, where the employer does not guarantee work and only pays for the hours done - is on the increase, particularly in the retail sector and for women⁹.

Additionally, we note that one of the major supermarkets signed up to the Jobs Pledge explicitly states on its website that, “You should always bear in mind, of course, that we’re a leading retailer and most jobs with us involve some weekend working. We do, however, ensure that everyone has at least one weekend in four off”. The following case evidence demonstrates that CAB clients working in these sectors are often in poor quality jobs.

An East of Scotland CAB reports of two clients who both work for a large supermarket chain and have recently had children. Both were told that they are entitled to 26 weeks statutory maternity pay and 26 weeks ordinary maternity leave. One of the clients had told the personnel department she was sure she was entitled to more maternity pay, but was assured that this was not the case. In fact, they are entitled to 39 weeks statutory maternity pay, 26 weeks ordinary maternity leave and 26 weeks additional maternity leave. It seems the supermarket is not implementing the new maternity rules for babies born after April 2007.

A West of Scotland CAB reports of a client who had worked in a high street shop for ten months. He was asked by his boss to do overtime that evening, but was only given 50 minutes notice. He refused, stating that he had to get home to look after his children as his wife was working that evening and they could not change the arrangement at such short notice. He was then asked into his manager’s office and sacked for refusing to do overtime. When he was interviewed for the job, he was informed that he might have to do some overtime, but he had been assured that he would be given ample notice.

18. We appreciate that Jobcentre Plus will have a key role to play in recruiting more employers to the Jobs Pledge, but are not convinced that this in itself will offer sufficient quality control. The following case evidence demonstrates that securing a job via Jobcentre Plus is no guarantee of quality or security.

⁸ Guardian Newspaper, G2, Jul 30, 2007

⁹ British Employment Law, <http://www.emplaw.co.uk/researchfree-redirector.aspx?StartPage=data%2f972u23.htm>

A West of Scotland CAB reports of a client who secured a job through Jobcentre Plus with a bathroom fitting company. The first week he worked for them he worked three days and was paid. However, over the next two weeks he worked for five more days for which he had not received payment. He has tried calling them, to no avail, and has no contact address as he met his employers each day at the work site.

A West of Scotland CAB reports of a client on jobseeker's allowance, who responded to a job advert in her local Jobcentre Plus office. The job was advertised as being 16 hours per week on national minimum wage. She attended an open day and induction course, and then did three days work for the company. She then discovered the job was not actually for 16 hours per week, but was actually a 'zero hours' contract. She also discovered that the costs of her uniform and a police check would be deducted from her wages, she would have no breaks at work as the shifts were not longer than four hours and she would only receive her wages after six weeks' employment. After her third day of work, she was told she would be called again when she was needed to work, but the client does not have a landline or mobile phone. The CAB contacted the local Jobcentre Plus, who agreed to investigate.

19. Consequently, we would like to see a more explicit commitment to guaranteeing a quality standard for all jobs offered via the Jobs Pledge. We believe this is the joint responsibility of the DWP and employers themselves.
20. This is particularly important given that these job opportunities are intended to provide employment for people who may well face multiple barriers to engaging with the labour market. In order to provide a realistic route into work, for instance, we would expect these jobs to go beyond the statutory minimums required of employers and, for instance, offer term-time working patterns, or flexible working for parents with older children. We would expect quality to be monitored and enforced by the DWP. Assurance of Job Pledge quality could perhaps form the basis of a charter to which both the DWP and employers sign up.
21. Although the Jobs Pledge is intended to engage both private and public sector employers, we note that the emphasis thus far has been on signing up private sector companies. We would like to see increasing efforts made to engage the public sector and believe the DWP has a useful role to play here by signing up to the pledge itself and leading by example.

Delivering the Jobs Pledge

22. CAS has some concerns that delivery of the Jobs Pledge will be labour intensive for Jobcentre Plus, and we are not sure how this can be reconciled within the current climate of efficiency savings. If the Jobs Pledge is to prove effective, it is essential that Jobcentre Plus staff are able to provide a good level of support to both jobseekers and employers. We would therefore welcome further details from the DWP about levels of funding for both the Jobs Pledge and Local Employment Partnership programmes.
23. We are also apprehensive that the introduction of the Jobs Pledge might lead to a two-tier service being offered by Jobcentre Plus to employers, with those big employers signed up to the Jobs Pledge getting a better and more supportive service than smaller or medium sized employers not signed up to the pledge.
24. Delivery of the Jobs Pledge also depends on training and skills development for jobseekers, and yet these are policy areas devolved to the Scottish government. Although the green paper briefly mentions that the UK government is working with the devolved administrations to develop approaches equivalent to the English one, there is no detail about what this actually means. Having the necessary support in place is a key issue, and a pre-requisite for ramping up the responsibilities of claimants. Consequently, we would welcome more detail from the DWP as to what steps it is taking to ensure that the necessary skills support will be in place across the UK, and not just in England.

Key issues absent from the green paper

25. The Jobs Pledge represents a welcome start in engaging employers in the welfare reform programme. However, CAS believes that it only has the capacity to achieve modest gains in improving employment opportunities, and there is a need for more fundamental change. The DWP's public service agreement states its intention to narrow the gap between certain disadvantaged groups and the overall employment rate. The groups identified are older people, lone parents, people with disabilities, people with no qualifications and people from ethnic minorities. However, entrenched labour market prejudice and discrimination mean that many employers remain resistant to hiring people from precisely these groups.
26. Recent research by the DWP found that whilst most employers had taken steps to eliminate formal age discrimination, this has not led to increased recruitment of older people¹⁰. Research by the Disability Rights Commission has shown that 38% of employers would not employ anyone with a history of mental health problems. We also note research from the Chartered Institute of Personnel and Development which found that 33%

¹⁰ Employer responses to an aging workforce: A qualitative study, DWP, September 2007

of employers would deliberately exclude people with a history of long-term sickness or incapacity when recruiting staff. Additionally, just under half of the employers surveyed thought that long-term incapacity benefit claimants would be less reliable and less productive and almost one fifth thought they would produce a lower standard of work than other workers¹¹. A recent review established that three groups faced particularly extreme discrimination: women with young children, people with disabilities and Pakistani and Bangladeshi women¹².

27. Case evidence from Scottish bureaux shows that discrimination in the workplace continues to be a problem for some of our clients. In fact, in 2006/07 there was a 9.5% increase in the number of enquiries brought to bureaux about discrimination and intimidation at work, compared with the previous year. The following cases are typical of the sorts of issues brought by clients in relation to these issues.

A West of Scotland CAB reports of a lone parent client with two children, aged 16 and six months. When she was pregnant with her youngest child she was made redundant. She believes her employers discriminated against her because of her pregnancy, as they kept on a male colleague who had only been in the job for nine weeks.

A North of Scotland CAB reports of a client who came in on behalf of her daughter who is 16 and working part time in a local hotel. She wanted to know what the minimum wage was, and also if her disability would affect her statutory rights, as another girl who was doing the same job was being paid more.

An East of Scotland CAB reports of a client with a disability who works in an abattoir. He had worked there for 10 years, and been able to wear special shoes, as he is unable to wear the standard boots. He now has a new manager who is insisting he wears the boots. He has handed in two letters from his doctor explaining that he cannot wear them because of his disability, but his manager is still insisting that he wears them. The manager will not discuss the matter, and the client fears he may have to leave his job.

28. In light of this, it is of concern that the green paper does not deliver any new policy proposals about how to tackle the entrenched prejudice and discrimination that persist in the labour market. There is a need to focus

¹¹ Incapacity benefit reform: Why it is needed and how to engage employers, Chartered Institute of Personnel and Development, 2006

¹² In work, better off: Next steps to full employment, Response by the Social Security Advisory Committee, October 2007

much more explicitly on changing both employers' attitudes and practices if the UK government is to achieve its 80% employment aspiration. This will require working with employers to overcome barriers, as well as more robust enforcement of existing anti-discrimination legislation.

29. Additionally, no mention is made in the green paper of how the DWP intends to work with small and medium employers. This is of particular concern in Scotland, which is effectively a nation of small employers – indeed, recent figures suggest that 98% of all enterprises operating in Scotland employ fewer than fifty people and 93% employ fewer than 10 people¹³. As small employers will offer the vast majority of job opportunities to Scottish jobseekers, it is critical that the DWP makes explicit how it intends to engage with this group.
30. The UK government has worked to establish a framework of minimum standards in the workplace. However, there are still significant numbers of unscrupulous employers who do not fulfil their responsibilities and often it is the most vulnerable employees who suffer from this sharp practice. Consequently, it is of concern that the green paper contains nothing about new initiatives to tackle these rogue practices. Bureaux have a wealth of evidence showing that rogue employers are offering low-paid, insecure jobs and, in many instances, are not complying with their statutory obligations with regard to national minimum wage, contracts and holidays. Additionally, our evidence shows that people are often reluctant to challenge poor conditions and pay and enforce their rights, for fear of the repercussions. This holds particularly true for people from disadvantaged groups whose employment options are restricted.

A West of Scotland CAB reports of a lone parent with three children aged 13, 14 and 16. She works 15 hours a week, for £75 and wanted to know if she was entitled to any benefits. The bureau did a benefits check and informed her that she was entitled to child tax credit and income support. They also highlighted that she was being paid less than the national minimum wage, but she was not prepared to address this with her employer as she was anxious about losing her job.

An East of Scotland CAB reports of a client who had previously been to the CAB regarding being paid piece work rates (ie by the amount of fruit picked) rather than the hourly national minimum wage. She had returned because, when another two other workers had raised this issue with their employers, they had been sacked immediately.

¹³ Response to the Scottish Executive's Lifelong Learning consultation, Federation of Small Businesses Scotland, February 2007

A West of Scotland CAB reports of a client who had been working on a casual basis for an agency. He had worked a shift eight weeks ago for which he had still not been paid. The agency at first denied that he had turned up for his shift and then said that they would send payment by cheque. A week later payment had still not been received. When he had contacted the agency again, the boss has been threatening and abusive. The CAB adviser informed the client about how to take the agency to an employment tribunal.

A North of Scotland CAB report of a client who came to the bureau on behalf of a group of workers employed in a factory retail production line. She wanted to know if they were entitled to breaks as they sometimes worked nine hour shifts without.

An East of Scotland CAB reports of a client from Latvia, who was working in a café. He was provided with accommodation, but only paid £30 for an eight hour day. He does not get payslips. He was reluctant to take any action against his employer until he had a new job and somewhere to stay.

A West of Scotland CAB reports of a 19 year old client who had just completed her hairdresser training and wanted to check what the minimum wage is. The bureau informed her it should be £4.45 for her age group - the client is only getting £2.75.

A North of Scotland CAB reports of a Polish client who was working 90 hours a week as the manager of a hotel for a salary of £300 – this is well below the national minimum wage. Her employer also failed to pay her a week's holiday pay that she was owed. The CAB notes that this is the last in a series of cases of poor practice from this employer who continues to pay below the national minimum wage, despite an ongoing investigation.

Balancing rights and responsibilities

31. The current green paper continues the rights and responsibilities debate that has underpinned many of the previous welfare reforms. We have

highlighted in previous responses¹⁴ the fact that the allocation of responsibilities is skewed, with claimants facing increasing levels of conditionality and sanctions for non-compliance, whilst employers and the DWP have far fewer explicit responsibilities and no sanctions for failure to deliver. CAS is concerned that this inequitable allocation of responsibilities continues in the current green paper. Although it broadly recognises that the DWP, other government departments and employers have obligations and responsibilities in terms of creating and making available job opportunities, it does not describe these responsibilities in nearly the level of detail as those of claimants. Consequently, CAS would like to see a far more detailed and explicit recognition of the responsibilities of government and employers in terms of delivering employment opportunities to disadvantaged and marginalised groups.

¹⁴ Shaping the incapacity benefit reforms green paper: A response from Citizens Advice Scotland, Citizens Advice Scotland, June 2005 and A new deal for welfare: Empowering people to work, A response from Citizens Advice Scotland, April 2006

The next steps towards full employment

Helping parents into work, helping children out of poverty

Lone parents

32. The UK government has set a 70% employment rate for lone parents. CAS broadly welcomes this aspiration, as we agree that paid work is the best means of tackling the poverty and social exclusion still faced by many lone parent families. This will be a particular challenge in Scotland, which has a proportionally higher number of lone parents compared with the rest of the UK¹⁵. Additionally, lone parents in Scotland are concentrated in the local authorities with the lowest employment rates – approximately 50% of all people on lone parent benefits in Scotland live in the nine local authorities with employment rates lower than the UK average¹⁶.
33. The green paper builds on other recent reforms for lone parents, such as an increase in the frequency with which they are obliged to attend work focused interviews (WFIs) at Jobcentre Plus as part of the income support regime. The new proposals, however, represent a far more radical increase in the degree to which lone parents will be required to engage with the labour market.
34. The green paper proposes that, from October 2008, lone parents whose youngest child is 12 will no longer be able to claim income support solely on the grounds of being a lone parent. Some lone parents will continue to be eligible for income support on the grounds of ill-health or disability, and some will transfer to incapacity benefits. However, in practice, many lone parents will transfer to jobseeker's allowance and therefore have to fulfil the requirements of being available for and actively seeking work. They will also, of course, be subject to the jobseeker's allowance sanction regime should they fail to comply with these requirements. From 2010, the green paper proposes this policy will apply to lone parents when their youngest child reaches seven.
35. Taking up employment can be a very difficult step for a lone parent, leading to both financial and emotional uncertainty for the whole family. Consequently, it is critical that any steps taken to move lone parents closer to the labour market are supportive and tailored to individual family needs, rather than adopting a punitive, one-size-fits-all approach. In light of this, CAS has a number of concerns with the green paper proposals aimed at lone parents.

¹⁵ Scotland: Employment and prosperity, DWP, 2006

¹⁶ Scotland: Employment and prosperity, DWP, 2006

Increased conditionality

36. CAS supports the UK government's objectives of increasing the employment rate of lone parents and reducing child poverty rates. However, we have strong objections to moving lone parents from the income support conditionality regime (requiring claimants to come to quarterly or six-monthly WFI s to discuss moving into work) to the jobseeker's allowance conditionality regime (which requires claimants to attend a Jobcentre Plus every two weeks to sign on, and demonstrate that they are looking for work), described in the Harker report as a "leap from 'soft' conditionality...to 'hard' conditionality"¹⁷.
37. Indeed, it should be noted that CAS does not support the 'soft' conditionality lone parents currently face on income support, and in our response to *A new deal for welfare: Empowering people to work*, argued against the compulsory extension of the WFI regime for lone parents on income support. We therefore do not support the proposal in the current green paper that, in the months before moving from income support to jobseeker's allowance, lone parents will be obliged to take part in more frequent WFIs. Again, we contend that this support should be available to lone parents, but on a voluntary rather than compulsory basis.
38. CAS does not believe that moving this group of lone parents onto the jobseeker's allowance regime is appropriate or necessary - or that it will ultimately prove an effective way of meeting the dual policy objectives of increasing lone parents' employment rates and tackling child poverty.
39. It is not appropriate, because many lone parents face difficult and uncertain circumstances that are incompatible with the conditionality regime of jobseeker's allowance.

A North of Scotland CAB reports of a lone parent client with a seven year old daughter. She had recently been diagnosed with clinical depression. She had accrued council tax and rent arrears, and the council was threatening her with eviction. She was feeling very anxious about the situation and not sure how she was going to cope.

An East of Scotland CAB reports of a client who, following a traumatic marriage break-up, was left to care alone for her 11 year old daughter. She was also left with substantial debts. The CAB notes that this had left her very stressed and anxious, and not currently in a position to work or look for a job.

¹⁷ Delivering on child poverty: What would it take? A report for the Department of Work and Pensions by Lisa Harker, November 2006, p24

An East of Scotland CAB reports of a client who had been on jobseeker's allowance, but applied for income support after he took on full-time responsibility for his 10 year old daughter. His jobseeker's allowance claim stopped, but he had not yet received any money from income support, so he had had to apply for a crisis loan for food. The client was very distressed – he feels he is trying to provide a good home for his daughter, but is having to spend all his time chasing up the money to which he should be entitled.

40. The increased conditionality regime will require lone parents to have greater levels of face-to-face contact with Jobcentre Plus personal advisers. These demands will prove problematic for many lone parent claimants. However, Scotland's large rural population faces further challenges in relation to increased contact with Jobcentre Plus, such as additional travel time and expense. The following client evidence shows how these sorts of problems are magnified in the context of the DWP's efficiency drive which has led to the closure of local offices.

A North of Scotland CAB reports that, since the closure of the local benefits office, claimants for jobseeker's allowance, incapacity benefit and income support need to travel a 32 mile round trip to attend work focused interviews. They have been informed by the Jobcentre Plus office that the costs for travel fall entirely on the claimants as there is no policy for reimbursement.

A West of Scotland CAB reports of a lone parent client with two children aged three years and four months. She was granted a crisis loan, but only on the condition that she collect it in person that day. This would involve a bus and ferry trip, with the round trip taking at least six hours. The CAB contacted Jobcentre Plus who said there was no alternative. The client agreed she would try and find childcare, although this might not be possible at such short notice.

41. The DWP itself concluded only two years ago: "we think it would be wrong simply to move lone parents from Income Support onto the jobseeker's allowance regime: an unrestricted requirement to search for work is inappropriate, given the complex and difficult circumstances many lone parents face. We think such an approach would be expensive,

unfair and ineffectual”¹⁸. CAS is particularly concerned that lone parents who find it hard to comply with aspects of the new regime face the risk of sanctions, discussed in more detail below, and ask that suitable safeguards are built in to the system.

42. The green paper indicates that some aspects of the jobseeker’s allowance conditionality regime might be tempered for lone parents, but is short on detail about what these might be. This might effectively lead to a two-track jobseeker’s allowance regime, with the system for lone parents running in parallel to the system for all other jobseekers. We are concerned that this will increase the overall complexity and opaqueness of the benefits system.
43. Furthermore, moving to a system that compels lone parents to find work is not necessary, because the majority of lone parents have indicated that they *want* to work. The Freud report notes that eight out of ten lone parents want to work¹⁹, whilst One Parent Families | Gingerbread reports that nine out of ten lone parents say they want to work when the time is right for them and their children²⁰. Currently, 57% of lone parents are in work. This figure rises to 66% among lone parents whose youngest child is aged 11 or older – only 4% from the Government’s 70% target.

An East of Scotland CAB reports of a lone parent mother with two children, aged 15 and 20. The elder child is in receipt of disability living allowance, middle rate care and low rate mobility. He now does supported work but, due to his ill health, is very dependent on his mother. The younger child also has intensive needs following a harrowing incident at school. The client has, however, been preparing for a return to work and is in the final year of a three year counselling course. The CAB notes that this has required an immense amount of hard work and commitment

44. Additionally, the UK government’s ambitions will only be realised if lone parents move into decently paid jobs - with good conditions and prospects - that can be successfully combined with family life. CAS does not believe that the increased conditionality of the jobseeker’s allowance regime will prove an effective tool for achieving these ends. As noted

¹⁸ Opportunity and security throughout life: Department for Work and Pensions Five Year Strategy, DWP, p38

¹⁹ Reducing dependency, increasing opportunity: Options for the future of welfare to work – An independent report to the Department for Work and Pensions by David Freud, 2007

²⁰ Submission from One parent Families | Gingerbread to the Work and Pension Select Committee Inquiry: The best start in life? Alleviating deprivation, improving social mobility and eradicating child poverty, September 2007

above, many lone parents - particularly those with children over 11 - are already in work. Those who are not often face multiple and complex barriers that make it difficult to combine work and parenthood, such as affordable childcare, illness or disability. These barriers will not be addressed by a punitive regime of conditionality, and may even be exacerbated by the fear and anxiety it engenders.

Sanctions

45. Security of income is absolutely critical for lone parents, and we are therefore deeply concerned about a sanction regime which exacerbates financial insecurity. Evidence strongly suggests that jobseeker's allowance does not provide an adequate income and that families in receipt of the full amount of benefit are struggling to make ends meet. Indeed, we note that children in a household receiving jobseeker's allowance are more likely to be poor than any other group of children, running a 72% risk of poverty²¹. A reduced level of benefit following sanction will therefore plunge these already vulnerable families deeper into financial insecurity.
46. Recent DWP research shows that lone parents primarily report the financial implications of receiving a reduced level of benefit as the major practical impact of being sanctioned²². A number of claimants reported that they had already been struggling financially when they were in receipt of full benefit, and their reduced income made it even harder to meet basic financial obligations such as rent and bills. Some parents also commented that the sanction meant that they were unable to pay for their children to attend school trips or give them pocket money. It is clear, therefore, that the sanctions regime can increase rather than alleviate child poverty and social exclusion. Additionally, as the following case demonstrates, problems with administration of the jobseeker's allowance sanctioning regime can result in severe financial hardship.

²¹ Reducing poverty, increasing support: The TUC response to the Freud report, TUC, 2007

²² Sanctions: Qualitative summary report on lone parent customers, A report of research carried out by BMRB Social Research on behalf of the Department for Work and Pensions, DWP, Working Paper no 27, 2006

A West of Scotland CAB reports of a client whose jobseeker's allowance had been sanctioned because he attended for an interview two days late. The CAB called Jobcentre Plus and was informed he had lost two days' worth of benefit. The client accepted this penalty and did not want to pursue the matter. However, he returned to the CAB a week later as his jobseeker's allowance payments had stopped altogether. On contacting Jobcentre Plus, the CAB was informed that the clients' claim was with the processing centre and no payment could be issued until they had been informed that the claim had restarted. The client tried to call for a crisis loan but the number was engaged. The bureau notes that the benefit system has failed this client and left him in complete financial hardship.

47. Indeed, even if sanctions themselves are rarely used, the threat of sanctions can be a sufficient spur to scare claimants into complying with a regime which they are simply not ready for, or moving into unsuitable and unsustainable work.
48. The Harker report concluded that “stronger forms of conditionality— along the lines already expected for jobseeker’s allowance claimants – could undermine the success of the New Deal for Lone Parents which has been built on the basis of positive, supportive engagement with parents”²³. We would support this perspective and contend that, if the right support is available to the right people at the right time, there is no need to force people to comply with increasingly onerous obligations. The DWP’s own evaluation of the New Deal for Lone Parents indicates that its voluntary ethos has been a key factor in its success in encouraging lone parents into work²⁴. The DWP should promote the advantages of work and engaging with the labour market in a supportive and encouraging manner, rather than engendering fear through a system of unrealistic expectations and penalties for non-compliance.

General support services

49. Although CAS does not support increasing conditionality for lone parents in this way, if this proposal does go ahead, it needs to be matched by an exemplary level of support services from both government and employers. Failure to do so will mean that lone parents are subject to

²³ Delivering on child poverty: What would it take? A report for the Department of Work and Pensions by Lisa Harker, November 2006, p24

²⁴ New deal for lone parents: Second synthesis report of the national evaluation, DWP, 2003

unrealistic expectations regarding their ability to engage with the labour market – and will pay the price through benefit sanctions.

50. CAS is concerned that the green paper is at serious risk of putting the cart before the horse, by increasing lone parent responsibilities without a commensurate increase in government and employer responsibilities to ensure that the necessary support systems and jobs are in place. As a consequence, vulnerable individuals will be left shouldering the failings of the system.
51. In its proposals for lone parents, the green paper goes further than the recommendations made in the Freud Report, and in an exceptionally quick timescale. Freud clearly advised that, if the DWP chose to move beyond the age-12 trigger for moving lone parents off income support, this should be done in a considered way taking into account the changing provision of essential support services: “In addition, the Government should consider as wrap around childcare becomes available from 2010, whether further reductions would be desirable. The Government would need to ensure that the new system took account of the particular challenges faced by lone parents in accommodating full time work and caring for disabled children”²⁵.
52. The Harker report, too, is very clear that if increased conditionality for lone parents is introduced, it should come only *after* the necessary support is in place, stating, “If a stronger package of support for lone parents was in place and lone parents genuinely had access to affordable childcare and work that fits with their family commitments, there would be grounds for extending conditionality”²⁶.
53. The green paper cites international evidence that highlights the UK is far behind many other countries in terms of the responsibilities it places on lone parents to engage with the labour market. However, it should be noted that lone parents in other countries also benefit from far more generous and accessible systems of support. In the UK, for instance, parents pay for approximately 75% of childcare costs, compared to an average of between 20-30% across the OECD²⁷. In Sweden, the state meets nearly 90% of the costs of childcare, and also invests in training and employment programmes for lone parents at four times the level of investment in the UK²⁸.

²⁵ Reducing dependency, increasing opportunity: Options for the future of welfare to work – An independent report to the Department for Work and Pensions by David Freud, 2007, p91

²⁶ Delivering on child poverty: What would it take? A report for the Department of Work and Pensions by Lisa Harker, November 2006, p23

²⁷ How can childcare help to end child poverty?, Christine Skinner, Joseph Rowntree Foundation, 2006

²⁸ Letter from Chris Pond, CE One Parent Families, the Guardian newspaper, 16 February 2007

54. We note that the 80% employment rate has been described by the DWP as a long term aspiration²⁹, and therefore question the necessity of rushing such radical changes. One Parents Families has estimated that, by 2010, these changes have the potential to affect over 40% of all lone parents – or approximately 26,000 parents and 40,000 children. These policies clearly have huge implications and CAS would therefore urge that, if the UK government is set on this course, it proceeds slowly and with caution, allowing an extended period of testing and evaluation before extending the conditionality to include lone parents whose youngest child is seven.
55. We have additional concerns about Jobcentre Plus's ability to provide the necessary level of support that would be required by these changes. Moving lone parents from 'soft' to 'hard' conditionality significantly increases the frequency of interactions they will be obliged to have with Jobcentre Plus. CAS is concerned that Jobcentre Plus will not have the resources or staff to handle this increased volume of contact and ensure that lone parents receive the support and help they need.
56. We would therefore welcome a commitment from the DWP that the increased requirements on lone parents will be matched with increased resources to provide additional support. We also seek an assurance that Jobcentre Plus personal advisers will receive additional training and guidance about the sorts of issues which can make employment more of a challenge for lone parents.
57. Additionally, it would seem sensible that existing specialist lone parent advisers are transferred to the jobseeker's allowance regime, so that both Jobcentre Plus and claimants can continue to make use of the significant experience and expertise they have developed over recent years.

Childcare

58. Despite improvements in childcare provision over recent years, finding suitable childcare continues to be a major problem for many lone parents. A recent report concludes that a lack of affordable, accessible childcare is the most important barrier to work for Scottish lone parents in receipt of income support³⁰. A recent survey by One Parent Families found that 71% of non-working lone parents cited a lack of childcare or flexible working as a reason for not being in paid employment, while 67% of lone parents currently in work said it had been difficult to find a job that fitted in with childcare or school hours³¹.

²⁹ Opportunity and security throughout life: Department for Work and Pensions Five Year Plan, DWP, p38

³⁰ Evaluation of the extended schools childcare pilot, Education Department Research Findings (no 21/2006), Scottish Executive, June 2006

³¹ Online research commissioned by Jobcentre Plus and carried out by One Parent Families, February 2007

59. Our case evidence supports these findings, demonstrating that for many CAB clients, finding affordable and accessible childcare continues to pose a problem.

A West of Scotland CAB reports of a lone parent with one child. She left her partner some months before due to domestic violence. She had just started a three year course in nursing and receives an NHS bursary. As a result, she cannot get working tax credit. At the moment she is spending about £20 a week in child care costs. As a result of these circumstances she is now in severe hardship.

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 at 6pm at the latest. If their children are over 11, there is no out of school provision. This leaves parents with a dilemma – do they choose not to work, or choose to work and leave their children unsupervised at home?

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.

60. Problems with childcare are felt particularly keenly by certain groups of lone parents. For instance, those with sick or disabled children or children with special needs often find that the specialist provision they require is simply not available, or is prohibitively expensive. Recent DWP research finds that the presence of a disabled child in a household was related to lower employment rates for both lone and coupled mothers, and was particularly related to participation in full time work.

A North of Scotland CAB reports of a lone parent client, with two sons aged 19 and 12. Her younger son has emotional and behavioural difficulties and is in receipt of DLA. He attended a local academy, but was frequently suspended because of his disruptive behaviour. The client was unable to find a childminder to look after him. She was two years into a four year social work course, and acme to the bureau as she was worried about living beyond her means. The CAB supported her with applications for income support, housing benefit and council tax benefit – they were all successful and she reported she was £160 per month better off.

61. The availability of childcare also poses particular difficulties in rural areas, a problem that will be felt particularly keenly in Scotland due to its large rural population.

An East of Scotland CAB reports of a lone parent client living in a rural area, with three children aged seven, five and two. She had just registered as a childminder, but had originally wanted to train as a midwife. However, the course required night shift on-the-job training and, as she could not find any affordable childcare locally, she could not pursue this career option. While researching what childcare was available in the local area, the client had been informed that a new childcare centre was going to be opened in March 2008. Unfortunately, the funding for this centre is for pre-school children and so it is still not clear if it will offer after-school care for school age children. Additionally, she could not find any childcare available in her area available after 7pm. The client still plans to train as a midwife when affordable, accessible and suitable childcare is available.

62. Providing lone parents with accessible, affordable and appropriate childcare is therefore absolutely critical to their abilities to engage with the labour market and move into employment.
63. The green paper recognises that childcare is a key issue and cites various initiatives as evidence that the childcare that is planned and in place is sufficient to justify increasing the responsibilities on lone parents seeking work. CPAG questions this assumption, stating that it is very unlikely that wraparound childcare will be in place by 2010³². Similarly, the Harker report notes that, whilst significant progress has been made in extending childcare since 1997, "it is by no means clear that the ten-year childcare strategy will automatically deliver the kinds of changes necessary to meet the childcare needs of families in poverty, particularly the needs of certain groups such as children with disabilities"³³. In other words, wrap-around childcare is still an aspiration, not an actuality.
64. However, if there is little evidence that the necessary level of childcare will be in place in England, there is no evidence in the green paper that it will be in place in Scotland. Childcare is devolved to the Scottish government and yet all the initiatives cited in the green paper - the Childcare Act 2006, Sure Start Children's Centres and extended schools – relate to England only.

³² CPAG response to the Freud review, CPAG, May 2007

³³ Delivering on child poverty: What would it take? A report for the Department of Work and Pensions by Lisa Harker, November 2006

65. Childcare issues have been a priority in Scotland, as well as in England - but the very fact that childcare is devolved to the Scottish government means that services and policies are developing in a different way and at a different pace. The previous Scottish administration introduced initiatives such as Working for Families, which aims to reduce childcare as a barrier to work for lone parents and other key groups, and the current Scottish government has indicated a commitment to increase nursery entitlement for three and four-year olds by 50%³⁴. However, assumptions cannot be made about the availability of childcare in Scotland based on what is happening in England. For instance, in 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.
66. So, whilst both the Scottish and UK governments have made good progress on increasing the availability and affordability of childcare over the last ten years, we cannot assume that access is universal. Indeed, the above case evidence shows that wrap-around childcare still poses a real problem for many CAB clients. CAS therefore calls on the DWP to provide robust evidence that the necessary childcare support is in place in Scotland. We would like to see evidence that flexible, affordable, accessible childcare is in place *before* lone parents are moved from income support to jobseeker's allowance. Otherwise, the green paper runs the risk of introducing UK-wide welfare reform policies, without the infrastructure to support the changes at a devolved level. We would also expect that lone parents who can demonstrate a lack of suitable childcare provision in their area would be exempted from the jobseeker's allowance compulsion and sanctions regime.

Flexible working

67. Seventy one per cent of out of work parents feel that the primary reason for their not being in paid employment is the lack of work at suitable hours³⁵. As the following case evidence demonstrates, the difficulties faced by CAB clients in combining parenthood and employment are often connected to this issue.

³⁴ Fiona Hyslop, Cabinet Secretary for Education, Official report of the Education, Lifelong Learning and Culture Committee, 27 June 2006,
<http://www.scottish.parliament.uk/s3/committees/ellc/or-07/ed07-0202.htm>

³⁵ Submission from One parent Families | Gingerbread to the Work and Pension Select Committee Inquiry: The best start in life? Alleviating deprivation, improving social mobility and eradicating child poverty, September 2007

An East of Scotland CAB reports of a female client who was eight months pregnant and about to become a lone parent. She was in part time work of 22 hours per week. She asked her employer if she could reduce her hours to 16 per week following her maternity leave, but they said they could not accommodate this. The client was advised that she has a statutory right to ask for a change to her working hours and she should make her request again in writing. She was also told that she could appeal if she was unhappy at the response from her employer and to come back to the CAB if required.

A North of Scotland CAB reports of a lone parent client with a seven year old son. The son has a medical condition which requires him to be in a settled environment. For the past two years the client has worked two nights per week, and her son has slept at a friend's home. However, the son now feels that he wants to be in his own home and so the client feels she may have to give up work. She asked her employers if she might be able to work her hours while her son is at school, but they could not guarantee this.

A West of Scotland CAB reports of a client who had separated from his partner and was having childcare problems. He had worked as a security guard but was having to leave his 13 year old daughter alone in the evenings when he went to work. He had approached his employer to request a change in hours, but they were unable to offer suitable alternative employment. As a result, he had had to give up work to care for his daughter. He was actively seeking suitable alternative employment, but had so far not been successful.

68. CAS therefore welcomes the statement in the green paper that the UK government is continuing to examine the case for extending the right to flexible working to parents whose children are older than six. We would welcome such an extension in the right to request flexible working, particularly if lone parents with children aged 12 (or seven) are transferred onto jobseeker's allowance. However, the right to ask for flexible working only guarantees that the employer will consider the application. As the case evidence above demonstrates, many employers are unable or unwilling to grant these sort of requests. We are therefore not convinced that an extension of the right to request flexible working will prove a sufficient way of ensuring that suitably flexible employment opportunities are available.

Making work pay: Financial incentives

69. Although employment certainly provides an effective route out of poverty for many lone parent families, it is not a guaranteed route. For some lone parents, employment instead offers a route into in-work poverty.

A West of Scotland CAB reports of a lone parent with two children aged 10 and 14 who approached the CAB for help with rent arrears. She works twenty hours a week and is in receipt of tax credits but, once she has paid her priority debts, she is left with a surplus of only £4.86. Despite working, she is struggling to make ends meet and cannot afford to treat her children to holidays or even a night out at the cinema. She cannot increase her hours at work as she has no-one to care for the children after school or during the school holidays.

70. Indeed, the DWP's own statistics show that 23% of children with a working lone parent remain in poverty³⁶. Consequently, CAS welcomes the overt commitment in the green paper to making work pay, and helping lone parents find work that pays well and affords a decent standard of living.
71. The green paper states that the DWP is attracted to the Australian idea of only obliging certain groups of parents to accept an offer of work which will make them financially better off than they are on benefits. We consider that this idea has the potential of introducing a meaningful anti-poverty pledge, although lack of detail makes it hard to provide meaningful comment. Greater clarity is required regarding how "better off in work" is defined, and whether 'soft' factors will be taken into account such as costs of travel, work clothing and eating outside the home. If this proposal is developed in a way that really does ensure work pays, we believe it should be extended to all the marginalised groups that are the focus of the DWP's welfare to work strategy, namely older people, people with disabilities, people with no qualifications and people from ethnic minorities.
72. CAS broadly welcomes the proposal in the green paper to offer a work related activity premium (WRAP) to those lone parents who undertake work related activity in the months before they transfer from income support to jobseeker's allowance. We see this as a supportive and positive way of encouraging work related activity, which does not penalise those lone parents who are not ready to consider moving into employment. We also welcome the fact that it encourages skills development, as this focuses on the importance of sustainable

³⁶ Households below average income: An analysis of the income distribution 1994/5 – 2005/6, Department for Work and Pensions, 2007

employment and job retention rather than moving lone parents into the first available job, which can result in cyclical periods of work and benefit claiming.

73. However, the green paper does not contain details of which lone parent groups would be eligible for the premium, its value, or how long it would be payable for and we look forward to hearing more details from the DWP on these matters. Since April 2007, however, the DWP has been piloting a WRAP in a number of Jobcentre Plus districts. This consists of £20/week for lone parents who have been on benefits for at least six-months, have a youngest child aged 11 or over and are under-taking agreed work-related activity. The maximum period of entitlement to the WRAP is six months.
74. As we stated in our response to last year's green paper, *A new deal for welfare: Empowering people to work*, we believe that the level of the premium should be higher, in order to cover the additional expenses such as childcare associated with work-related activity, and that it should be available for longer than six months, as lone parents who are far from the labour market are likely to require significant support in preparing themselves for employment. We would also like it to be available to lone parents whose children are younger than 11, if they feel ready and able to start moving towards employment.
75. Additionally, in order to make work pay, there are a number of other existing barriers that need to be addressed which are not acknowledged in the green paper.
76. The drastic taper rates which apply to housing benefit and council tax benefit can act as a strong disincentive to moving into work. As income rises, these benefits are withdrawn. However, the rate at which they are withdrawn is so steep – 65% for housing benefit and 20% for council tax benefit – that 85% of income from employment over a person's applicable amount is effectively 'taxed' away. In other words, for every excess pound earned, the person will only see a 15p rise in actual income. CAS believes this is incompatible with the wider objective of making work pay and calls for the government to review these taper rates.

A South of Scotland CAB reports of a client who took on part-time work of 16 hours a week, paid at £5.40 per hour. As a result, she had her housing benefit and council tax benefit significantly reduced and was worse off each week. In addition, she lost her entitlement to free prescriptions.

A West of Scotland CAB reports of a client who had been on jobseeker's allowance, until she started working 20 hours per week at £5.35 per hour. She soon discovered that she would be worse off financially as when she was in receipt of jobseeker's allowance she had received full housing benefit.

77. Lone parents who own their own home also face barriers to moving into work, as the following case demonstrates.

An East of Scotland CAB reports of a lone parent client preparing to return to work now her youngest child has reached 15. She currently gets some help paying her mortgage interest via income support. However, there is no facility for assistance with mortgage interest in the tax credits system, which poses a real barrier for this client moving into work.

78. Another key concern is that people moving into work lose access to the social fund and passported benefits such as free school meals and free prescriptions, even when they are on very low incomes. The value of these passported benefits is clear from case evidence, and their loss can have a significant impact on income and act as a financial disincentive to moving into work. CAS would therefore like the government to consider extending entitlement to passported benefits to those in receipt of working tax credit or child tax credit at a certain threshold.

A North of Scotland CAB reports of a lone parent client in receipt of income support whose son was severely asthmatic. He had in the past been admitted to hospital with severe attacks. She was considering taking up a job, but was concerned about losing her entitlement to free prescriptions, as her son required several each month.

A North of Scotland CAB reports of a female client with three children. She has been doing relief work at a local primary school for a few months, working irregular hours. She wanted to know how working would impact on other benefits, free prescription charges and free school meals. The bureau was able to explore four scenarios for the client, working 6, 11 or 28 hours a week, or not at all. As a result of the loss of various other benefits, the client felt that working for no longer than six weeks was the most sensible option.

79. One Parent Families | Gingerbread puts forward a strong case for the UK government to address the financial disincentives that currently exist for

lone parents to work in ‘mini jobs’ of fewer than 16 hours per week³⁷. These jobs can provide lone parents with a highly effective way of combining work and caring responsibilities, yet the financial incentives for them to do so are low (because of the £20 earnings disregard for means tested benefits and the fact that working tax credit is not payable for work of less than 16 hours/week). Changing the financial incentives for lone parents to engage in mini jobs could have a huge impact on their participation in the labour market, and we therefore urge the UK government to look in detail at the policy options suggested by One Parent Families | Gingerbread of increasing the earnings disregard for means tested benefits and/or decreasing qualifying hours for working tax credit.

80. A key barrier to work is that many people do not feel confident about actually knowing if they will be better off in work or not. In recent research conducted by One Parent Families, 79% of respondents indicated that reassurances that they would be better off in employment would be important in helping them think about work. Evidence from the Work and Pensions Select Committee indicates that only about 20% of Jobcentre Plus claimants are offered a Better Off calculation. We agree with the Committee’s conclusion that these calculations are an essential work incentive, and support its recommendation that all working-age claimants are given a Better Off calculation at an appropriate time in their claim³⁸. As the following case shows, knowing how your income will change upon taking up employment is an essential part of the decision-making process.

A South of Scotland CAB reports of a female lone parent client with three children, aged 14, ten, seven and four. She had been offered two jobs, one for 16 hours and one for 11 hours, and wanted to know what benefits she would be entitled to in relation to each job, so she could decide what would be best financially for her and her family.

81. We would, however, caution that in order to be an effective and accurate tool, Better Off calculations need to encompass a wide range of data, including, for instance, travel expenses, the impact of losing access to passported benefits and the increased expense of eating outside the home. Additionally, people with debts who move from benefits into work will generally be expected to start servicing their debts at a higher level, and this also needs to be taken into consideration. Furthermore, if

³⁷ Submission from One parent Families | Gingerbread to the Work and Pension Select Committee Inquiry: The best start in life? Alleviating deprivation, improving social mobility and eradicating child poverty, September 2007

³⁸ Work and Pensions Committee: Benefits simplifications: Seventh report of session 06-07, TSO, July 2007

claimants are to make informed decisions about the financial merits of moving into work, Better Off calculations need to indicate what their income might look like after time-limited financial support such as a return to work credit has ended. People need to have security that they will be better off in the long-term and not just for the duration of a back to work bonus.

82. As well as the *level* of income, *stability* of income is a major concern for lone parents considering a return to work. A low, stable income is often considered preferable to a higher income that brings with it an erratic and unpredictable income flow. Benefit run-ons were introduced to try and provide some stability for those moving into work. However, as the following cases demonstrate, problems with eligibility for the run-ons can cause severe financial hardship.

An East of Scotland CAB reports of a lone parent client with three children. She had recently started working in a call centre 40 hours per week and had been advised that she did not qualify for housing benefit or council tax four week benefit run-on. Consequently, she was having problems with her budget as she made the transition to work. The CAB adviser established that some months before she had attended a paid three day training course for a different job. She was then put on a list of supply staff, but never worked for the company again. However, the DWP regulations state that, due to this break in her income support claim, she is not entitled to the four week benefit run-on. As a result, she had accrued two weeks of rent arrears (£250) and council tax arrears, as she could not afford to pay these and childcare costs whilst waiting for her first month's pay.

A West of Scotland CAB reports of a lone parent client with one child. She had been on jobseeker's allowance, but had signed off as she had started working. She was concerned about how she would manage until her first pay day, as the only income she had to sustain her was child benefit. The CAB questioned why she was not in receipt of benefit run-on, which would have eased the transition into work. She applied for a crisis loan, but was refused.

83. Additionally, ongoing problems in relation to the administration of benefits and tax credits can result in a very real disincentive for people to move into work. Delays in processing, inaccuracies, recovery of overpayments and poor integration of services between DWP, HMRC and local authorities create very real concerns about continuity of income during

transitions in and out of work. This poses a particular problem for those who move into low paid and insecure jobs, who may well be claiming benefits a few months down the line.

A West of Scotland CAB reports of a lone parent with a two year old child. He had been on income support, but then worked for a four week period during which time he received working tax credit. When his employment stopped, he reclaimed income support using the rapid reclaim process and notified the tax credits office. However, his tax credit payments continued for some weeks meaning that his income was too high to receive income support. When his working tax credit payments did stop, the only income he was left with was child tax credit and child benefit. He had therefore had to depend on support from his parents for the basic needs of himself and his child. The CAB adviser contacted Jobcentre Plus who stated that the client's income support would be reinstated from the date that the working tax credit had stopped being paid. However, income support could not be paid for the two weeks prior to this when he was in receipt of working tax credit – even though the working tax credit overpayment has to be repaid.

A West of Scotland CAB reports of a client who had reapplied for jobseeker's allowance following a brief period in employment. His payment had not arrived on the day he expected and, when he went to the local Jobcentre Plus, he was told to phone the helpline. The client was told he could not use the phone in the Jobcentre Plus office and so he came to the CAB. When the CAB adviser called the helpline, they were told there was a delay with the payment and they would chase it up and call the client back within 24 hours. Because he did not have a phone, it was agreed that they would contact the CAB.

An East of Scotland CAB reports of a lone parent with an 11 year old child. She had always been in full time employment, but had never claimed working tax credit or child tax credit because of the bad publicity surrounding recovery of overpayments and her determination not to end up in debt. The bureau notes that the bad publicity surrounding the administration of tax credits and recovery of overpayments is having an adverse effect on potential claimants.

84. Finally, we would urge the UK government to recognise that work does not always pay and there are some lone parents who are only marginally better off in work and some who are actually worse off. The income gains that result from a move into work can be reduced or negated by the additional costs that are incurred, including the loss of free school meals, prescriptions and other passported benefits; travel and subsistence costs; uncovered childcare costs; and increased liability for rent and council tax.

A West of Scotland CAB reports of a lone parent client in receipt of income support and various other benefits, who had been offered a job at £5.15 per hour, for 16 hours per week. She wanted to know how it would affect her benefits. The CAB adviser established that she would be £1.15 per week worse off if she took up the job.

85. In addition, even if the family might be financially better off, the lone parent might ultimately decide that the additional problems that arise in trying to combine work and family life outweigh the potential financial gains.

Job retention

86. If the government is to achieve its 70% target employment rate for lone parents, it is critical that it focuses not only on job entry, but also on job retention. In a 2006 report undertaken for the DWP, the researchers conclude that the rate of job exit is still considerably higher for lone parents than for other groups, even after controlling for job and personal characteristics. They go on to state that, “if lone parents had the same job exit rates as the rest of the population, then the target of 70% employment of lone parents could be met without raising job entry rates further³⁹”.
87. The green paper briefly acknowledges the necessity of helping lone parents to stay in work. We are disappointed, however, that it does not contain any specific policy proposals in relation to this issue. Indeed, we are concerned that the greater conditionality of the jobseeker’s allowance regime to which they will be moved will actually result in greater cycling between benefits and short stints in unsuitable work. We look forward to hearing further details from the DWP of a coherent strategy for increasing lone parent job retention, that might focus on, for example, encouraging employers to adjust working patterns in response to short term crises and long term need. As the following case demonstrates, a lack of

³⁹ Lone parents cycling between work and benefits, M Evans, S Harkness and R Ortiz, Research report 217, DWP, 2004

understanding and support from an employer can have a devastating effect for a lone parent family.

An East of Scotland CAB reports of a lone parent client with two children aged 12 and 15. The day before her child care arrangements had fallen through at the last minute as her ex-partner failed to turn up at 7am. As a result, she could not get to work in time for her 8am shift. She made alternative arrangements for the children and then tried to phone her assistant manager to say she would be an hour late but she had run out of credit on her phone having used it to make all the arrangements. She got a top up token on her way to work and was just about to phone in when the senior manager phoned her. She explained the problem and said she was on her way. The senior manager told her not to bother as she was suspended and there would be a disciplinary hearing. The client got a letter in the post today calling her to a disciplinary hearing this afternoon. She wanted to know her rights.

Carers

88. CAS welcomes the statement in the green paper that the government has concluded that it is not appropriate to increase the work-related responsibilities for carers. Consequently, lone parents receiving carer's allowance for disabled children will continue to be able to claim income support. However, carer's allowance is only available to parents whose children receive the disability living allowance care component at the middle or higher rate. Many people miss out on the disability living allowance to which they are entitled because they do not know they are eligible or because of poor DWP decision-making. A recent report stated that almost half of all parents with disabled children are missing out on key benefits because they lack information about their entitlements⁴⁰. Consequently, we would like the government to commit to a take up campaign focusing on the uptake of disability living allowance and carer's allowance, to ensure that all those lone parents who should be eligible to remain on income support are in a position to do so if they choose.

⁴⁰ Out of reach: Benefits for disabled children – A report by Contact a Family, the Child Poverty Action Group and One Parent Families, December 2006

The next steps towards full employment

Personalised, responsive support for job seekers – the next steps

89. The green paper proposes the introduction of a flexible New Deal, which would combine a more tailored approach to support with a stronger focus on claimants' rights and responsibilities. The flexible New Deal would also move away from the rigid and artificial distinctions of the existing new deals, where eligibility and the type and timing of support received are determined by being a member of a specific group.
90. The green paper states that the flexible New Deal will replace the existing New Deal for Young People (NDYP) and the New Deal 25 plus (ND25+). It is not clear, though whether it will also ultimately replace other existing programmes such as the New Deal 50 plus and Employment Zones, and clarification is needed on this issue. We are also keen to hear details about how the flexible New Deal will mesh with existing initiatives brought in by the previous administration in Scotland, such as Workforce Plus, which aims to get 'harder to reach' client groups such as drug and alcohol mis-users into the labour market.
91. The flexible New Deal would be mandatory, and the majority of claimants would be eligible after a year on jobseeker's allowance. The first year of their claim would see the claimant moving through a series of time-defined stages - including self-help and directed job search – delivered by Jobcentre Plus. After a year in receipt of Jobseeker's allowance, the claimant would move onto the flexible New Deal, delivered by an externally contracted provider.
92. CAS is supportive of the move to a system that offers a more bespoke level of support. We would encourage any moves that take us closer to a citizen-centred welfare system, based on individual need and circumstance. The following cases demonstrate problems that arise for clients when Jobcentre Plus is not able to take account of their individual needs and circumstances.

A West of Scotland CAB reports of a 20 year old client who was in receipt of jobseeker's allowance. She had successfully managed to get through to the interview stage of a job, but did not have any suitable clothes to wear. She had visited Jobcentre Plus to request help with clothing costs, but was turned down as she did not qualify.

A North of Scotland CAB reports of a client at an island CAB who was claiming jobseeker's allowance, and had been offered the chance to attend courses on the mainland for sea survival, fire fighting, safety and first aid. The course was free but the client would need to cover his accommodation and travel, and wanted to know if this could be covered in any way by Jobcentre Plus. The CAB contacted them, and was told that they could give assistance towards travel for interviews only, not for training courses.

93. The benefits of a flexible approach are particularly relevant for those with multiple disadvantage, whose complex and overlapping needs are currently often overlooked due to the government's traditional client group approach. We note research into Action Teams for Jobs which highlighted the importance of flexibility in responding to jobcentre plus claimants, and of being able to deliver a tailored approach with no set limit of financial support⁴¹. Additionally, evidence from Employment Zones suggests that, when support is more individually tailored to the needs of the jobseeker, it is more effective⁴². However, we have a number of questions about how the flexible New Deal will work in practice.
94. This shift of focus will result in a significant increase in the level of discretion inherent in the decision-making processes. Although some increase in discretion is probably an inevitable by-product of a system that responds to individual need, we are concerned that this might dilute claimants' rights. The following case is typical of the sorts of problems that clients currently face in relation to discretionary crisis loans.

A West of Scotland CAB reports of a client who lives with her baby. Due to changes of circumstance and administrative problems, her benefits had stopped, leaving her in severe financial hardship. She called to apply for a crisis loan, but was turned down on the grounds that requiring money for nappies, baby food and utilities did not constitute a crisis. She wanted to challenge the decision, but had no written statement and did not know what to do.

95. It is imperative, therefore, that robust safeguards are built into the new system. Decision-making needs to be transparent, with clear and accessible means of redress. CAS would also like to see a commitment

⁴¹ Reducing poverty, increasing support: The TUC response to the Freud report, TUC, 2007, para 3.11

⁴² It's all about you: Citizen-centred welfare, IPPR, September 2007, p61

from the DWP that increases in Jobcentre Plus adviser discretion will be supported by a commensurate increase in their formal training and support in this area. We would seek a similar commitment in relation to advisers from externally contracted providers.

96. The green paper contains little concrete detail about what would be expected from claimants at different points in their jobseeker's allowance claim, so it is difficult to comment in full. In particular, we would have welcomed greater details of the increased conditionality expected from claimants. We do have a number of general concerns, however, which we look forward to commenting on when more details are made available. For instance, the widening of job search requirements based on working hours could pose significant problems if it fails to take account of childcare needs. Similarly, the widening of job search requirements after three months based on travel to work could pose significant problems, particularly for Scotland's large rural population, unless it takes into account the cost, frequency, availability and accessibility of public transport. The following case clearly shows the impact that unrealistic travel expectations can have on rural dwellers.

An East of Scotland CAB reports of a client in receipt of jobseeker's allowance, who was given a place on a New Deal course. However, she lives in a rural area 50 miles from where the course was being held, 20 miles of which is on narrow, twisty roads. The journey can be done by car in one and a quarter hours, but the client had to use public transport. This requires two connecting buses, takes over one and a half hours and is not available to get the client to town by the course start time of 9am. Consequently, Jobcentre Plus provided a taxi to connect with a bus that would get her there for 8.55am. The cost of the taxis was about £200 per week to the state. Her journey time was one hour and forty minutes – the client found this very stressful, but felt she had to comply or risk her benefits being sanctioned. The pressure also exacerbated some mental health issues. The client was happy to travel 20 miles or so to nearby towns, but felt this journey time was excessive and that DWP should be more flexible in the requirements placed on rural dwellers.

97. We also have deep concerns about the proposal that those people still on benefit after a defined period who have failed to find work will be required to undertake a mandatory period of full-time work experience. A number of unanswered questions are raised by this proposal. For instance, clarity is required regarding the rate of pay for these work trials, and whether claimants would receive the standard wage for these jobs or only

- continue to receive their benefit. If they only continue to receive their benefit, then questions arise about how they would be expected to meet the childcare costs that would result from this mandatory activity.
98. The new system proposes that the majority of jobseeker's allowance claimants would only enter the flexible New Deal after a year of being in receipt of jobseeker's allowance. This differs from the existing new deal programmes, under which the NDYP starts after six months of claiming jobseeker's allowance, and the ND25+ after the claimant has spent 18 out of 21 months in receipt of jobseeker's allowance. Clearly, some claimants would be accessing the new deal sooner under the new system, and some later. There is sound evidence that people facing a labour market disadvantage face a rapid decline in their level of employability⁴³, and consequently we would like to see the entry point for the flexible New Deal moved to six months.
99. Additionally, we welcome the proposal to 'fast-track' certain groups of claimants onto the flexible New Deal. As noted above, quick and accurate diagnosis of multiple need and early intervention are key to supporting these people into work. The green paper mentions that this might apply to "those customers facing particularly severe barriers to work", but does not detail who these might be or how claimants' relative need will be assessed or prioritised. The success of a fast-track system will depend on the skill and finesse with which it identifies those most in need. Consequently, CAS looks forward to commenting in due course when more details are made available regarding how this might work.

Sustained employment

100. The focus of the green paper is on getting people over the benefit/work boundary, but if people are to sustain their employment, it is critical that Jobcentre Plus advisers and contracted providers are able to assist with ongoing work issues, as well as securing jobs. The following case shows how essential this ongoing support is for vulnerable clients who find the move into employment particularly challenging.

A West of Scotland CAB reports of a client who had been in receipt of jobseeker's allowance for two years. She had been put in touch with a specialist provider of back to work services for help and support. She found employment as a cleaner in a hotel, but was finding the housekeeper intimidating and did not think she could clean the number of rooms expected of her. She came to the CAB as she felt she could not go back to work and wanted to know what her options were. The CAB notes that this client really wanted to get back into work but got no support or understanding from her new employer.

⁴³ Reducing poverty, increasing support: The TUC response to the Freud report, TUC, 2007, para 3.6

101. We therefore believe that personal advisers and their private/third sector counterparts should still be available to people moving from jobseeker's allowance and into work, to assist with any issues that might arise during this crucial phase of transition.
102. The green paper makes references to supporting claimants into sustained work, but does not define what is meant by this. Participants in the Employment Zone programme have been defined as having secured sustained employment if their job lasts for 13 weeks or more. We understand that the DWP is currently considering extending this definition to 26 weeks, and welcome this improvement on the current definition. However, we feel that this is still inadequate and urge the DWP to consider the recommendations from the IPPR that sustained employment should be defined as lasting a year⁴⁴, and in the Freud report which suggested it be defined as lasting three years⁴⁵.

Ethnic minorities

103. Ethnic minorities are one of the specific target groups included in the DWP's public service agreement to narrow the gap between disadvantaged groups and overall employment rates. The green paper also explicitly acknowledges that continued employer discrimination is a major factor in explaining the labour market disadvantages experienced by people from ethnic minorities. Recent research by the Joseph Rowntree Foundation found that, even with a degree, Pakistani and Bangladeshi men are less likely to be employed than a white person with the same qualifications⁴⁶. There is also evidence to suggest that members of ethnic minorities reported less favourable experiences of the New Deal for Lone Parents⁴⁷.
104. CAS is consequently disappointed at the absence of discussion in the green paper about the sorts of specific barriers faced by ethnic minorities – such as poor English language skills, employer discrimination and problems with accessing 'culturally sensitive' childcare – and the lack of concrete proposals regarding how these might be tackled.

Integrating employment and skills

105. The green paper highlights the importance of skills development and integrating the employment and skills agendas, as recommended in the

⁴⁴ It's all about you: Citizen-centred welfare, IPPR, September 2007

⁴⁵ Reducing dependency, increasing opportunity: Options for the future of welfare to work – An independent report to the Department for Work and Pensions by David Freud, 2007

⁴⁶ CPAG response to the Freud review, CPAG, May 2007

⁴⁷ Reducing poverty, increasing support: The TUC response to the Freud report, TUC, 2007, para 3.1

Leitch report. However, the proposals in the paper have been developed for England only, and CAS is therefore not in a position to comment.

106. Skills and lifelong learning are a priority of the new Scottish government, which announced its new strategy in September 2007, *Skills for Scotland, A lifelong skills strategy*. We broadly welcome the idea of more integrated skills and employment delivery, and look forward to commenting in the future once the DWP and Scottish government have given due consideration to how such integration might work in Scotland. We would urge this discussion to happen as soon as possible, in order that Scottish citizens are afforded the same level of skills and employment support and integration as people living in England.

Delivery through partnership

Partnership working with the private and third sectors

107. The green paper states that Jobcentre Plus will continue to play a central role in delivering welfare, owning the customer experience throughout the life of their claim, and providing personalised benefits and tailored back-to-work support. However, it also claims that JCP services need to be supplemented by more specialised support beyond a certain point in each individual's claim, and proposes that "private and third sector organisations have a key role to play in delivering this more specialised support"⁴⁸. CAS does not support these proposals for increased contracting out of services, on the grounds that we do not think them either appropriate or necessary.
108. We acknowledge that third-sector organisations – particularly those with specialist expertise or local knowledge - have a role to play in the delivery of welfare support. We would contend, however, that this role is limited and should be concerned with providing an advice and advocacy service in relation to the services provided by the state. In other words, the focus of the third sector should be on supplementing rather than replacing the state.
109. This is key if third sector organisations are to maintain their actual and perceived independence. We note recent Scottish Executive research which explored the impact of advice services for disadvantaged groups making the transition to work. The research revealed concerns amongst the voluntary sector that partnership working with government services "should not compromise their capacity to deliver impartial advice that was independent of the interests of government and other agencies"⁴⁹. Additionally, research conducted by Ipsos MORI last year into perceptions of the Scottish CAB service found that its independence was highly valued – 98% of service users said they felt able to trust the confidential service, and 76% of non-users believe bureaux to be trustworthy.
110. Furthermore, we do not believe that the motives and objectives of the private sector are compatible with the delivery of welfare services. Private companies have at heart the interests of their stakeholders, and we do not believe that these will be compatible with the best interests of benefit claimants using their services.
111. Furthermore, contracting out services to private and third sector providers will not necessarily lead to improvements in the range and quality of services available to claimants. The evidence base used by the government to suggest that external providers have greater expertise

⁴⁸ In work, better off: Next steps to full employment, Department for Work and Pensions, July 2007, p59

⁴⁹ Transitions to employment: Advising disadvantaged groups, Scottish Executive Social Research, Research Findings no 30/2005, p3, 2005

and/or skills than Jobcentre Plus is very limited. Indeed, the Freud report itself states quite clearly that, “there is no conclusive evidence that the private sector outperforms the public sector on current programmes”⁵⁰.

112. Steve Davies from Cardiff University comments that most of the claims made for the superiority of non-state over state provision are “open to question” and concludes, “ Whenever Jobcentre Plus staff have been allowed the same flexibilities and funding as private sector companies or charitable organisations they have been able to compete with, if not surpass, the performance of contractors”⁵¹. We note that a review of the Action Teams for Jobs initiative found that those teams run by a private sector lead met only 78% of job entry targets in the period under study, compared with Jobcentre plus lead teams which met 145% of their job entry targets. Compared with Jobcentre Plus, the private teams were also more likely to work with clients who had only been out of work for a short time, and those without multiple disadvantage⁵².
113. The green paper does state that the sanctioning of claimants will continue to be within the remit of Jobcentre Plus, rather than contracted service providers. CAS does not believe that sanctions are necessary or effective in moving people from disadvantaged groups closer to the labour market. However, if such a regime is to exist, we welcome the fact that it will not be contracted out.
114. We do, though, have some ongoing concerns about the role that Jobcentre Plus personal advisers will be expected to play in policing the system and making decisions on the application of sanctions. Recent DWP research demonstrated that the use of sanctions varied according to the workload and attitude of individual personal advisers⁵³ and we remain concerned about the wide use of adviser discretion in relation to sanctioning. Whilst we appreciate the need for personal advisers to be able to use their best judgement in this regard, we would highlight the importance of treating all claimants in an equitable fashion – and that they perceive this to be the case. DWP research shows that many lone parent advisers felt that the majority of their training in relation to the sanctioning regime occurred ‘on the job’⁵⁴. We believe, therefore, that there is a need for more comprehensive and formal training in this area, particularly in relation to groups of clients who might find it more difficult to comply with the requirements of the new regime, such as lone parents.

⁵⁰ Reducing dependency, increasing opportunity: Options for the future of welfare to work – An independent report to the Department for Work and Pensions by David Freud, 2007, p6

⁵¹ Third sector provision of employment-related services: A report for the Public and Commercial Services Union (PCS), Steve Davies, Cardiff School of Social Sciences, June 2006

⁵² Reducing poverty, increasing support: The TUC response to the Freud report, para 4.14

⁵³ Incapacity benefit reforms: Personal adviser roles and practices stage two, DWP, 2005, research report no 278

⁵⁴ Sanctions: Qualitative summary report on lone parent customers, DWP, Working Paper no 27, 2006

115. CAS is concerned that the services offered by different providers will vary in quantity and quality. We also believe that the contracting out of services will result in fewer checks and balances for clients. Additionally, layers of complexity are being added to the system – with contractors and sub-contractors – that will make it harder to navigate and cloud the lines of responsibility and accountability. It is therefore imperative that there are clear and accessible mechanisms for challenge and redress when things do go wrong. We also seek assurances from the DWP regarding how providers' performance will be monitored and managed and how poor performance will be addressed. This is particularly important given the indication in the green paper that the DWP will be rationalising the number of its contracts, by tendering for much bigger and longer contracts with fewer providers.

Contracting principles with the private and voluntary sector

116. There is a lack of detail in the green paper about how the contracting system will work, making it difficult to respond in detail. The DWP raises many questions as to how it might be simplified and rationalised, and CAS looks forward to hearing from them on this subject in more detail.
117. However, we have particular concerns about the fact that the contracts are going to be outcome-based, with providers being paid by results. We believe this will encourage a 'work first' approach that sees clients moved into unsuitable and unsustainable jobs. The green paper does make reference on multiple occasions to the importance of moving people into sustainable jobs. However, without more detail about what will count as a sustained job, we do not feel that this offers an adequate safeguard against providers rushing people off benefits and into work, in order to receive payment.
118. We are also concerned that outcome based contracts will lead to providers 'cherry-picking' those clients who are closest to the labour market, and ignoring those with multiple disadvantage who do not represent value for money. In effect this will lead to less support for the very people that potentially require it most. We note, for instance, the DWP's own evaluation of the multiple provider Employment Zones, which found that when there were budget constraints, clients with multiple disadvantage could simply prove too expensive to take on. For instance, the report concludes that there is evidence to suggest that providers were more likely to target lone parents who were ready to work⁵⁵.
119. In CAS's response to last year's welfare reform green paper, we commented on this issue as follows: "We would like to see a system that does not measure its success by the number of people who have moved into jobs, but rather one that focuses on the 'distance travelled' on the journey into employment. A distance travelled model should recognise

⁵⁵ Evaluation of multiple provider employment zones; Early implementation issues, DWP Research Report no 310, A Hirst et al, 2006, para 3.3.3

activities such as skills-development and voluntary work as important outcomes in their own right, rather than a means to an end. The focus must be on developing people's work readiness rather than moving them into the first available job, in order to avoid the cherry-picking of claimants most likely to move into work that will inevitably lead to less support for the very people that potentially require it most⁵⁶. Our view remains the same, and we urge the DWP to adopt a payment model that recognises phased progression to work, and does not simply pay providers according to the number of people they have moved into jobs.

Partnership across government

120. We welcome the commitment in the green paper to working in partnership across government, both horizontally and vertically. Successful implementation of the UK-wide welfare reform policies contained in the green paper is absolutely dependent on support services being in place in devolved policy areas such as childcare and skills. Consequently, we are disappointed that there are no details in the paper about how this partnership working is being taken forward with the devolved administrations. We look forward to hearing how the UK government is engaging with the relevant Scottish government departments and bodies on these key issues.
121. We welcome the recognition in the green paper of the role that housing issues can play in creating a barrier to employment, and agree that local authorities have a key role to play as social housing providers. This issue is particularly acute in Scotland, where a greater percentage of the population lives in public sector housing.

The City Strategy

122. There are currently three City Strategy pilots taking place in Scotland, in Edinburgh, Glasgow and Dundee. We therefore look forward to hearing more detail from the DWP about how its national employment programmes will mesh with the work being done in the City Strategy pathfinder areas.

⁵⁶ A new deal for welfare: Empowering people to work, A response from Citizens Advice Scotland, April 2006

Conclusion

123. CAS welcomes the broad aims that underpin the green paper, but we are not sure of the extent to which the policies proposed in the green paper will help meet these aims.
124. Overall, we feel that the welfare to work agenda continues to ramp up the responsibilities of claimant groups, without paying similar regard to the responsibilities of government, employers and private providers.
125. We are also concerned that the support systems and resources – such as childcare and high quality jobs - that are critical to allow claimants to fulfil their obligations will not necessarily be in place by the time the reforms are intended to be introduced.

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