



## **Citizens Advice Scotland written evidence Work and Pensions Committee inquiry: Disability employment gap May 2016**

1. Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.
2. In 2014/15 the Citizens Advice Service network helped over 323,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £124 million and the Scottish zone of our self-help website Adviceguide received approximately 5.4 million unique page views.
3. CAS welcomes the opportunity to provide evidence to the Committee's inquiry. Issues relating to benefits and tax credits are the most common area of advice provided by citizens advice bureaux in Scotland, with 220,000 new issues in 2014/15, representing 37% of their work. For a number of years, Employment and Support Allowance (ESA) has been the most common single issue that CAB clients in Scotland seek advice on, with 34,488 new issues related to the benefit in 2014/15. Scotland's CAB service is at the frontline of changes to the social security system.

### **Summary**

4. **Citizens Advice Scotland is extremely concerned about the potential negative impact of the abolition of the ESA Work Related Activity component. The removal of support for the additional costs faced by disabled people through this component could have the effect of creating additional barriers to them gaining employment. The majority of people affected by the move are far from the labour market, with 73% of Scottish claimants in the ESA Work Related Activity Group having been in receipt of the benefit for more than two years, and in some cases will never be fit for work again.**
5. **CAS is already concerned about the cases where loss of income from benefit claimants has made their health deteriorate and we are concerned that this move will worsen that. A number of the clients in the WRAG have existing mental health issues which have worsened due to the stress of the process, and we are also concerned that vulnerable clients who are unable to work will be left without any income at all, if their ESA is sanctioned. This has the potential to make a number of people less fit to seek employment than they currently are.**
6. **CAS is not convinced, based on existing evidence of previous changes to the benefits system, that reducing financial support to claimants will**

necessarily have a positive effect on employment levels. Given that people who receive ESA are not fit for work due to illness or disability, it will not be possible for many to work, even if 'positive behavioural change' occurred.

7. Further unintended consequences of the changes to ESA is that there may be an increase in requests for Mandatory Reconsiderations and appeals against decisions not to place people in the Support Group, which risks increasing delays in the system.

### **What are the likely impacts on disability employment of the abolition of the Employment and Support Allowance Work Related Activity component?**

8. The abolition of the Employment and Support Allowance (ESA) Work Related Activity component reduces its value to the same rate as Jobseeker's Allowance (JSA), together with an equivalent reduction in Universal Credit. Currently work-related activity ESA is £29.05 per week higher per week than JSA<sup>1</sup>.
9. Citizens Advice Scotland is extremely concerned about the potential negative impact of the change for a number of reasons. Firstly, people in the Work Related Activity Group (WRAG) are suffering from ill-health or disability. They have greater needs and may incur additional costs as a result, such as additional travel costs to job interviews and work preparation activity, and other costs associated with improving their health. The removal of support for these costs could have the effect of creating additional barriers to disabled people gaining employment.
10. As shown in the table below, the most recent official figures show there are 256,810 ESA claimants in Scotland, of whom 65,630 (26%) are in the Work Related Activity Group. If there is no change to the current assessment criteria, we can expect a similar number to be affected by the change, receiving 28% less in benefits support per year, despite having additional needs. This is a large amount of people to be affected negatively by a loss of income.

#### **Number of ESA claimants in Scotland by phase and duration of claim, August 2015<sup>ii</sup>**

	<b>TOTAL</b>	<b>Assessment Phase</b>	<b>WRAG</b>	<b>Support Group</b>	<b>Unknown</b>
<b>TOTAL</b>	<b>256,810</b>	<b>38,130</b>	<b>65,630</b>	<b>146,450</b>	<b>6,600</b>
Up to 3 months	19,480	15,690	430	1,980	1,370
3 – 6 months	16,660	9,890	1,080	4,880	820
6 months – 1 year	25,630	6,790	4,290	13,630	920
1 – 2 years	47,610	3,570	11,830	31,150	1,050
2 – 5 years	133,490	1,900	43,390	86,100	2,100
5 years +	13,940	280	4,610	8,710	340

11. Unlike JSA claimants, people receiving support from the WRAG are not expected to be ready to start a job and are more likely to be long-term unemployed. Currently, as shown in the table above, almost three-quarters of Scottish claimants in the WRAG (73%) have been in receipt of the benefit for more than two years. As the All-Party Parliamentary Group on Health and the Child Poverty Action Group have noted<sup>iii</sup>, many claimants may never be fit for work again, due to permanent disabilities or degenerative conditions. It is not the case that people in this group are close to the labour market and will quickly move into work.
12. Citizens Advice Scotland is already concerned about the cases where loss of income from benefit claimants has made their health deteriorate and we are concerned that this move will worsen that. A number of the clients in the WRAG have existing mental health issues which have worsened due to the stress of the process. In these cases, a loss of income and potential increase in conditionality has the potential to worsen claimants' conditions, rather than help support them. With more than half of current claimants placed in the WRAG because of 'Mental and Behavioural Disorders'<sup>iv</sup>, this is likely to have a particular impact on this group.
- **An East of Scotland CAB reports of a client who is in the WRAG who is unable to attend the Work Related Activity sessions because of mental health issues. Since late November 2014 she has received at least 13 requests to attend WRA sessions, and has managed to comply with the last four sessions from 9 April 2015, as she can only attend if accompanied by her very disabled sister. The client has received nine sanction decision letters because of her failure to take part in WRA. Despite her compliance almost two months ago, she has received no decision letter to pay her the due amount of ESA from that date.**
  - **An East of Scotland CAB reports of a client who lives alone and claims ESA due to his addiction issues as well as mental health problems. The client had had issues with previous Fit Notes that he needed to provide for his ESA claim (need to provide to keep claim in payment until told otherwise) and this had resulted in delayed and stopped payments. This had caused the client to become unwell and also start to use drugs again.**
13. Furthermore, we are also concerned that vulnerable clients who are unable to work will be left without any income at all, if their ESA is sanctioned, if they are deemed too unwell to claim JSA or are unable to cope with a claimant commitment due to health conditions and have their full benefit sanctioned. This has the potential to make a number of people less fit to seek employment than they currently are.

## **What evidence is there that it will promote positive behavioural change? What evidence is there that it will have unintended consequences and how could these be mitigated?**

14. CAS is unconvinced that the changes to ESA – which appear to be motivated more by making savings to the welfare budget than as part of a joined-up approach to tackling the disability employment gap - will ‘promote positive behavioural change’.
15. People who receive ESA are by definition not currently fit for work due to illness or disability, which are not behavioural choices. Even if, by reducing their incomes it made people more motivated to work, in many cases this will not be possible due to them being physically unable to do so.
16. The amount of money claimants in the WRAG currently receive from ESA is not a substantial amount, equivalent to around 14 hours at the ‘National Living Wage’ (reduced to 10 hours by the changes). This amount is not so significant as to disincentivise work, and in any event most people will look to work if they are able to do so, regardless of whether the social security system financially incentivises them to do so or not.
17. In any event, it is far from clear that reducing the financial support provided by the social security system has the effect of increasing employment. Research from Sheffield Hallam University analysed the cumulative effects of changes to the social security system since 2010 and their impact on the labour market in Scotland. They concluded that whilst *“across Scotland, the places where the financial losses from welfare reform have been greatest have experienced the largest reductions in unemployment (JSA) claimant rates...there is however no evidence across Scotland of an impact on incapacity (ESA) claimant rates, or that welfare reform has resulted in higher levels of employment or higher levels of labour market engagement. On closer investigation it is also apparent that the larger than average reductions in unemployment in the places hit hardest by welfare reform also happened in previous economic upturns. This makes it impossible to attribute recent trends to welfare reform...on balance, the evidence in the report provides little support for the view that welfare reform is having important and positive impacts on the labour market in Scotland.”*<sup>v</sup>
18. Whilst the UK Government’s ambition of halving the disability employment gap is worthy and welcome, it is difficult to see that the reduction in support provided to people who are in receipt of the Work Related Activity component of ESA or Universal Credit will have a positive effect on achieving that goal. It may have the unintended consequence of placing further obstacles in the way of disabled recipients from finding employment, by making it difficult to pay additional costs they face in undertaking work-related activity.
19. CAS has been concerned about cases where CAB clients have been inappropriately placed in the WRAG, as it is clear they are not capable of carrying out work-related activity and should really be in the Support Group.

- **An East of Scotland CAB reports of a client who was in the WRAG. He lives alone, is 27% deaf, suffers from Post-Traumatic Stress Disorder, anxiety, depression, tinnitus and regularly has suicidal thoughts. The client had received a letter to attend a Work Focussed Interview at the Jobcentre. He was anxious and had been told by both his GP and psychiatrist that he would not be able to work again due to his issues. The client was told that he would have to attend the appointments unless he were re-assessed and placed in the Support Group. The client wanted help to try and do this as the whole process of attending the Jobcentre was making him unwell.**

20. This is already significant, as unlike claimants in the Support Group, people placed in the WRAG are subject to claimant conditionality, and can face benefit sanctions. These claimants, who can be extremely vulnerable, are often sanctioned due to being unable to comply with conditions and lose part of their entitlement for long periods of time, which has a damaging effect in itself. However, this change would mean that if they are unable to complete the mandatory work-related activity and are sanctioned they lose all of their income rather than just a portion. According to analysis of official statistics, 2.9% of ESA claimants were sanctioned in 2014/15. A total of 29,000 ESA sanctions were applied across Great Britain in the year to September 2015, 6,749 of which were overturned after being challenged.<sup>vi</sup>

21. The change in policy has the potential to increase the numbers of Mandatory Reconsiderations, as claimants who are unable to work challenge decisions not to place them in the Support Group, in addition to decisions not to award them ESA at all. CAS has had concerns about the Mandatory Reconsideration system since it was introduced in October 2013, with lengthy delays for a decision to be made.<sup>vii</sup> Additionally, CAB clients awaiting a Mandatory Reconsideration on a decision not to award them ESA, have been forced to claim JSA instead. However, in some instances, they have been prevented from doing so, due to being too unwell to search for work.

- **A South of Scotland CAB reports of a client who suffers from chronic back pain, anxiety and depression, arthritis in her neck and some knee problems. Some days she cannot get out of bed, finds it difficult to put on her shoes. The client cannot walk far, is unable to walk her dogs and is on a number of daily medications. She had to give up work in November 2014, and was on the assessment rate of ESA until November 2015. However, she did not qualify for ESA following the Work Capability Assessment. She wishes to appeal the decision. The client was told she would need to sign on for JSA, but when asked at the Jobcentre whether she was fit for work, she answered “no” and was told she cannot claim JSA either. The client was very upset and tearful and wants to know what she can do now, as she only has income from Personal Independence Payment (PIP) [*not an income replacement benefit or intended to cover everyday essentials*].**

22. CAS is concerned that an increase in the volume of Mandatory Reconsiderations could lead to long delays on decisions being made – which have seen some

improvements in recent months – increasing once again, which is not the intention of the policy.

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<sup>i</sup> ESA with the Work-Related component is worth £102.15 per week, compared with £73.10 per week JSA.

<sup>ii</sup> Calculated via DWP Tabulation Tool <http://tabulation-tool.dwp.gov.uk/100pc/tabtool.html>

<sup>iii</sup> Inquiry: Child Poverty and Health – the impact of the Welfare Reform and Work Bill 2015-16 p. 71 – All Party Parliamentary Group on Health in All Policies, February 2016 [http://www.fph.org.uk/uploads/APPG\\_on\\_Health\\_in\\_All\\_Policies\\_inquiry\\_into\\_child\\_poverty\\_and\\_health\\_2.pdf](http://www.fph.org.uk/uploads/APPG_on_Health_in_All_Policies_inquiry_into_child_poverty_and_health_2.pdf)

<sup>iv</sup> Halving the Gap? p.17 – Lord Low, Baroness Meacher and Baroness Grey-Thompson, December 2015 <https://www.mencap.org.uk/sites/default/files/documents/ESA%20WRAG%20Review%20December%202015.pdf>

<sup>v</sup> The Impact of Welfare Reform on the Scottish Labour Market: An Exploratory Analysis – Sheffield Hallam University/Scottish Parliament Welfare Reform Committee, September 2015 <https://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/impact-welfare-reform-scottish-labour-market.pdf>

<sup>vi</sup> Briefing: The DWP's JSA/ESA Sanctions Statistics Release, 17 February 2016 – Dr David Webster <http://www.cpag.org.uk/david-webster>

<sup>vii</sup> Voices from the Frontline: Mandatory Reconsideration – Citizens Advice Scotland, June 2014 <http://www.cas.org.uk/publications/voices-frontline-mandatory-reconsideration>