



## **Citizens Advice Scotland written evidence Work and Pensions Committee inquiry on In-work progression in Universal Credit January 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. Scotland's CAB service is at the frontline of changes to the social security system, including dealing with a large number of issues relating to the existing out-of-work conditionality regime.

### **Summary**

4. **In-work progression support provided should be appropriate to an individual claimant's circumstances. Support should aim to help claimants find a job that is better suited to their skills, experience, ambitions and individual requirements. It should not merely consist of setting targets to apply for a particular number of jobs each week, without regard to suitability or quality. If mandatory requirements are set, caution should be taken that they are reasonable and appropriate.**
5. **Limited information about the Universal Credit In-Work Progression Randomised Control Trials is available, and it appears very small numbers of claimants in Scotland are involved in them. However when the results are published, CAS believes it is important that full information and data is released for analysis.**
6. **In addition to the groups of claimants already exempt, CAS recommends mandatory requirements should not be placed on people who require childcare to be able to work; people with health conditions or disabilities which limit the amount of hours they can work; and people employed in zero hours contracts or similar forms of variable hours arrangement.**
7. **To encourage employers to facilitate progression CAS recommends the UK Government continue to increase the National Minimum Wage; encourage**

**payment of the independently-calculated Living Wage; legislate to protect workers on zero hours contracts, and actively discourage employers from misusing them.**

- 8. Citizens Advice Scotland believes it would not be appropriate to sanction Universal Credit claimants who are in work, until a fundamental review of the purpose and efficacy of the current JSA, ESA and UC sanctions regime and the impact it has on individuals, families and other services has been conducted. This review should also address whether applying sanctions has a clear and demonstrable positive impact on helping in-work claimants find appropriate, better paying work.**

### **DWP's plans for in-work progression pilots in 2015/16, and how they should be evaluated**

9. As the Committee has highlighted in its call for evidence, very little information is available about the Universal Credit In-Work Progression Randomised Control Trials. Most information about them has emerged in response to Freedom of Information requests<sup>1 2 3</sup>, with key points redacted. The Inverness Jobcentre Plus area is the only one in Scotland where the pilot is taking place.
10. In general, the number of Universal Credit (UC) claims in Scotland remains relatively low, due to the gateway conditions which exclude a large number of potential claimants<sup>4</sup> and the fact that, at the time of writing, Universal Credit has still to be rolled out to six of Scotland's 32 local authorities. By way of illustration, between April and September 2015, citizens advice bureaux in Scotland advised clients on 993 new issues related to Universal Credit (0.9% of benefits enquiries), compared with 50,113 new issues related to the six legacy benefits (44.6% of benefits issues).
11. Anecdotal evidence suggests that the numbers of claimants involved in the pilot in Inverness is relatively small, and Inverness, Badenoch and Strathspey CAB have not seen a noticeable increase in enquiries from in-work Universal Credit claimants. At this stage it is not possible to get any indication from CAB evidence of whether the in-work progression pilot has had any positive or negative effect on claimants.
12. When the results of the trials are published, Citizens Advice Scotland believes it is important that full information is released by DWP, with extensive data available for Parliamentary scrutiny and independent analysis.

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<sup>1</sup> In-Work Progression Randomised Control Trial – Lines to Take – Department for Work and Pensions, April 2015

<https://www.whatdotheyknow.com/request/267804/response/657175/attach/4/IWP%20RCT%20Lines%20to%20Take.pdf>

<sup>2</sup> In-Work Progression Randomised Control Trials – Q&A – Department for Work and Pensions, April 2015 <https://www.whatdotheyknow.com/request/269211/response/659103/attach/10/Doc%208.pdf>

<sup>3</sup> In Work progression Randomised Control Trial – Awareness for our people in Service Centres – Department for Work and Pensions, April 2015

<https://www.whatdotheyknow.com/request/269211/response/659103/attach/8/Doc%207.pdf>

<sup>4</sup> Eligibility for Universal Credit – Department for Work and Pensions

[https://about.universalcredit.service.gov.uk/kms/Pages/Eligibility\\_for\\_Universal\\_Credit.htm](https://about.universalcredit.service.gov.uk/kms/Pages/Eligibility_for_Universal_Credit.htm)

13. For any increased activity in the pilot areas, or extension of them to other parts of Scotland, it is extremely important that more detailed information about their extent and the groups of individuals who are likely to be involved is made available, to ensure that appropriate independent advice and support can be provided to claimants by citizens advice bureaux and other agencies.
14. Following the publication of any results of the trials, CAS would recommend that any evaluation pays particular attention to the quality and suitability of any additional work found by claimants. In-work progression should not be defined as a Universal Credit claimant taking on more hours in a job unsuited to their skills or ambitions paying the National Minimum Wage. Analysis of the trials should examine whether claimants have obtained a job that better suits their needs and increases their hourly pay as a result of the Jobcentre support.
15. CAS also recommends that evaluation investigates the impact on different groups of claimants, such as part-time workers, those with childcare responsibilities, those earning the National Minimum Wage, those on zero hours or other fluctuating contracts, and those with health conditions or disabilities.
16. Citizens Advice Scotland strongly recommends that detailed evaluation is conducted of the use of sanctions against in-work claimants during the trial. This analysis should include an assessment of whether such a measure is proportionate, and track the impact on the claimant, to clearly establish whether applying a sanction in any way helped or hindered their search for other work. It should also establish if the claimant was forced into hardship or destitution as a result of the sanction, including establishing whether they were forced to apply for a Crisis Grant or visit a food bank due to the loss of income.

**Which organisations are best-placed to deliver the in-work service for DWP e.g. Jobcentre Plus/other providers from the private, public or voluntary sectors?**

17. CAS has no firm view on who should deliver the support to in-work claimants. What matters most is that a consistent approach is taken across the country and that a suitable number of well-trained staff are employed to carry out appropriate in-work support.
18. Depending on the nature of support provided, it may be appropriate for external agencies with a proven track record to be engaged to provide careers advice and support tailored to the needs of the individual. Such support should not merely replicate existing Jobcentre services to jobseekers, but should be able to demonstrate both the added value and the value for money of the support provided.

**What should in-work progression support entail and how should it be delivered (e.g. regularity and nature of contact with claimants)?**

19. In-work progression support should be appropriate to an individual claimant's circumstances. Support should aim to help claimants find a job that is better suited to their skills, experience, ambitions and individual requirements. It should

not merely consist of setting targets to apply for a particular number of jobs each week, without regard to suitability or quality. If mandatory requirements are set, caution should be taken that they are reasonable and appropriate. CAS would be extremely concerned if the introduction of in-work conditionality led to a high number of claimants being sanctioned, as has happened with JSA and ESA claimants since 2012.

## **What groups of claimants should be included and which should be exempt?**

20. According to information published under Freedom of Information, the following groups of claimants are exempt from the DWP's in-work progression pilot<sup>5</sup> -

- Self-employed people
- People who live in households that don't need the support of benefits
- People in households who are getting benefits but who already [have] a reasonable household income (i.e. a partner on a much higher income)
- Those who are studying part time
- Those people who have caring responsibilities

21. In addition, CAS recommends that mandatory requirements should not be placed on:

- **People who require childcare to be able to work.** CAB evidence has shown that clients have been unable to increase hours or take up offers of work because there are no suitable or affordable childcare facilities in their local area. This appears to be a particular problem in rural areas in Scotland.<sup>6</sup> This is likely to result in working parents in Scotland having difficulty meeting mandatory requirements and risking sanctions.
- **People in part-time employment with health conditions or disabilities which limit the amount of hours they can work.** In each of the past five years from 2010 to 2014, disabled people have received over a quarter of JSA sanctions in Scotland.<sup>7</sup> This statistic, allied with case evidence from citizens advice bureaux, suggests that claimants with disabilities are disproportionately likely to be unable to meet conditionality requirements and be sanctioned<sup>8</sup>.
- **People employed on zero hours contracts or other arrangements which mean they work varying hours in each week.** CAB evidence has

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<sup>5</sup> In-Work Progression Randomised Control Trial – Lines to Take – Department for Work and Pensions, April 2015

<https://www.whatdotheyknow.com/request/267804/response/657175/attach/4/IWP%20RCT%20Lines%20to%20Take.pdf>

<sup>6</sup> Working at the Edge: Childcare – Citizens Advice Scotland, December 2014

[http://www.cas.org.uk/system/files/publications/WAE%20Childcare%20December%202014\\_FINAL.pdf](http://www.cas.org.uk/system/files/publications/WAE%20Childcare%20December%202014_FINAL.pdf)

<sup>7</sup> JSA Sanctions in Scotland – July 2015 – Scottish Government Communities Analytical Services  
<http://www.gov.scot/Resource/0048/00481660.pdf>

<sup>8</sup> Response to Work and Pensions Committee sanctions inquiry – Citizens Advice Scotland, December 2014 <http://www.cas.org.uk/publications/cas-response-work-and-pensions-committee-sanctions-inquiry>

highlighted problems for clients caused by misuse of zero hours contracts<sup>9</sup>, often caused by fluctuating and unpredictable work patterns that in some cases vary dramatically week to week, with shifts being allocated at very short notice. In these circumstances, it would be very difficult for people to maintain specific mandatory requirements, and very difficult for Work Coaches to administer.

22. In-work support and progression may be most helpful for people who are underemployed. Citizens Advice Scotland have previously highlighted the consequences of underemployment for CAB clients<sup>10</sup>. This includes part-time or temporary work where an individual would prefer full-time employment, insufficient working hours and the under-utilisation of skills such as university graduates working in non-graduate jobs.
23. However, this depends on the nature of the support provided to underemployed claimants. CAS has previously recommended that Jobcentre Plus does more to help people find suitable work, which is conducive to sustainable employment for individuals. As highlighted elsewhere in this evidence, this should consist of more than simply requiring individuals to apply for a particular quantity of jobs without regard to the quality or suitability of the roles for the person concerned. It must also be recognised that there will not necessarily be a sufficient number of suitable vacancies for this approach to work.
24. CAS also has significant concerns about the potential of large numbers of in-work Universal Credit claimants being sanctioned as a result of inappropriate mandatory requirements being set. In the year following the introduction of a tougher sanctions regime for JSA and ESA in 2012, the number of sanctions increased rapidly, with a 31% increase in JSA sanctions applied in Scotland, peaking at 5.9% of the JSA caseload in August 2013.<sup>11</sup> Careful consideration must be given to which claimants – if any – are made subject to mandatory requirements to prevent in-work poverty being increased rather than lessened.

### **How should employers be encouraged to facilitate progression?**

25. There are a range of measures employers could be encouraged to take by government that would facilitate progression for low paid and underemployed workers and improve job security.

### **Tackling low pay**

26. CAS welcomes the introduction of an increased minimum wage of £7.20 per hour for those aged 25 and over, which will improve earnings for a significant number of workers. However, it is still less than the independently-calculated Living Wage

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<sup>9</sup> Working at the Edge: Zero Hours Contracts – Citizens Advice Scotland, July 2014  
[http://www.cas.org.uk/system/files/publications/WAE%20Zero%20hours%20contracts%20July%202014\\_FINAL.pdf](http://www.cas.org.uk/system/files/publications/WAE%20Zero%20hours%20contracts%20July%202014_FINAL.pdf)

<sup>10</sup> Underemployment: Written evidence to the Scottish Parliament Economy, Energy and Tourism – Citizens Advice Scotland, January 2013  
<http://www.cas.org.uk/system/files/publications/Underemployment%20Evidence%20for%20Economy%20Committee%20FINAL.pdf>

<sup>11</sup> JSA Sanctions in Scotland – July 2015 – Scottish Government Communities Analytical Services  
<http://www.gov.scot/Resource/0048/00481660.pdf>

of £7.85 in Scotland and the rest of the UK outside London. The National Minimum Wage for workers aged under 25 is also considerably lower, with the rate for under 18s (£3.87 per hour) barely half of the new higher figure.

27. CAS recommends the UK Government:

- Continue to increase the National Minimum Wage until it reaches the independently-calculated Living Wage
- Review the four different rates of the National Minimum Wage for those aged under 25, with a view to closing the widening gap between the different rates for older and younger workers
- Pay Government employees at least the independently-calculated Living Wage of £7.85, and explore ways to achieve this throughout the wider public sector
- Encourage employers in the private, voluntary and public sectors to go beyond the legal minimum and become Living Wage Employers. The Scottish Government's support for a Scottish Living Wage Employer Accreditation Initiative provides a successful model for how this could operate<sup>12</sup>.

### **Tackling the misuse of zero hours contracts**

28. Whilst zero hours contracts may be appropriate if they suit a worker's needs, Citizens Advice Scotland is concerned about cases where zero hours contracts have been misused by employers<sup>13</sup>. We suggest the following should be considered misuse of zero hours or short hours contracts, which has subsequently been adopted by the Scottish Parliament Economy, Energy and Tourism Committee<sup>14</sup>:

- When a worker would prefer a more secure part-time or full-time contract
- If such a contract causes hardship to individuals due to regularly changing patterns of work
- Denies individuals their basic employment rights
- And/or, acts to deter workers from asserting their basic employment rights

29. CAS recommends the UK Government:

- Actively discourage employers from misusing zero hours contracts, as defined above
- Legislate to give workers on zero hours contracts a statutory 'right to request' a contract that guarantees hours, without suffering dismissal or detriment for making the request

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<sup>12</sup> Scottish Living Wage Accreditation Initiative <http://scottishlivingwage.org/>

<sup>13</sup> Working at the Edge: Zero Hours Contracts – Citizens Advice Scotland, July 2014  
[http://www.cas.org.uk/system/files/publications/WAE%20Zero%20hours%20contracts%20July%202014\\_FINAL.pdf](http://www.cas.org.uk/system/files/publications/WAE%20Zero%20hours%20contracts%20July%202014_FINAL.pdf)

<sup>14</sup> Taking the High Road – Work, Wages and Wellbeing in the Scottish Labour Market – Scottish Parliament Economy, Energy and Tourism Committee, January 2016  
[http://www.scottish.parliament.uk/S4\\_EconomyEnergyandTourismCommittee/Reports/EETS042016R01.pdf](http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Reports/EETS042016R01.pdf)



- Extend protection from unfair dismissal to those classed as ‘workers’ as well as those classed as ‘employees’<sup>15</sup>

30. Additionally, CAS recommends that employers respond positively to requests from employees for increased hours. This should also include creating more full-time roles, rather than creating a ‘bank’ of staff on a range of part-time, zero hours and short hours contracts, which appears to have become increasingly prevalent in recent years. Employers can also benefit from retaining experienced staff, and a positive response to requests can increase staff morale.

31. CAS recommends the UK Government considers carefully how it can encourage employers to do this, including taking legislative steps if necessary.

### **In what circumstances would it be appropriate to sanction a Universal Credit claimant who is in work?**

32. Since the introduction of a tougher sanctions regime for Jobseeker’s Allowance (JSA) and Employment and Support Allowance (ESA) in 2012, citizens advice bureaux in Scotland have seen an increasing number of clients who have been sanctioned, and in a number of cases left destitute as a result.

33. While CAS does not object in principle to sanctions, we believe that they should only be applied appropriately, with discretion and as a last resort, to deter people who are consistently and deliberately refusing to engage with jobseeking requirements.

34. CAB evidence shows that sanctions are often being applied unfairly and without warning or explanation, leaving people with little or no money for long periods. This causes severe hardship for many claimants and can have an adverse impact on their health and wellbeing. Many clients also go without gas or electricity or turn to formal loans, including payday loans, to survive.<sup>16</sup>

35. Our evidence has highlighted a number of key problems with the current system<sup>17</sup>:

- conditionality is not explained clearly to claimants so many do not understand the requirements placed on them
- claimants are not told that they are being sanctioned before their money stops

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<sup>15</sup> Employment law makes a distinction between ‘workers’ and ‘employees’, with different rights afforded to each. However, it is not always clear applies to individuals on zero hours contracts. P.47-48, Fair Enough? Protecting Scotland’s workers from unfair treatment – Citizens Advice Scotland, February 2015

<http://www.cas.org.uk/system/files/publications/Fair%20Enough%20Protecting%20Scotland%27s%20workers%20from%20unfair%20treatment%20Feb%202015.pdf>

<sup>16</sup> Sanctioned: what benefit? – Citizens Advice Scotland, July 2014

<http://www.cas.org.uk/publications/sanctioned-what-benefit>

<sup>17</sup> Response to Work and Pensions Committee sanctions inquiry – Citizens Advice Scotland, December 2014 <http://www.cas.org.uk/publications/cas-response-work-and-pensions-committee-sanctions-inquiry>

- claimants can be sanctioned in circumstances which seem unfair. For example, claimants can be sanctioned because they do not have the skills or IT access to meet the Jobcentre's requirements, or where they have made significant efforts to find work but have not fulfilled the precise requirements of their Claimant Commitment
- claimants are often not aware of the process for challenging a decision
- claimants are often not aware of how to access hardship payments; if they are, they are often put off by the onerous process of applying.

36. As the Committee has highlighted<sup>18</sup>, there is very little evidence that financial sanctions are effective in helping people into work, particularly when they are some distance from the labour market.

37. Bureau evidence strongly suggests that sanctions are currently not serving their intended purpose: 95% of bureau advisers do not think that sanctions help clients find employment. Claimants often find themselves sanctioned without warning and without understanding the reason for the sanction, which can make it difficult for them to understand how to comply with their benefit conditions.

38. Our evidence also suggests that sanctions can actually make it more difficult for people to find work. Claimants who have been sanctioned can be left with no money at all, meaning they are, for example, unable to travel for interviews or training or to buy mobile phone credit to contact employers.

39. Citizens Advice Scotland believes it would not be appropriate to sanction Universal Credit claimants who are in work, until a fundamental review of the purpose and efficacy of the current JSA, ESA and UC sanctions regime and the impact it has on individuals, families and other services has been conducted. This review should also address whether applying sanctions has a clear and demonstrable positive impact on helping in-work claimants find appropriate, better paying work.

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<sup>18</sup> Work and Pensions Committee Fifth Report of Session 2014-15 *Benefit sanctions policy beyond the Oakley Review* (March 2015)