



Citizens Advice Scotland Briefing Consideration of Lords Amendments Welfare Reform and Work Bill 23 February 2016

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.

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.

Summary

Citizens Advice Scotland is extremely concerned regarding the proposals to reduce the value of the Work Related Activity (WRAG) component of Employment and Support Allowance (ESA). The principle underlying the WRAG is to take people who, while unable to work at present, could do so in the future, and provide them with financial support, advice and training to return to the workforce. The changes proposed in the Bill run counter to this principle and risk serious detriment to the often vulnerable claimants in this group. Likely impacts of the change include:

- Clients who require additional financial support to find work due to illness or disability no longer receiving it, making them less likely to find and sustain employment
- Clients who are assessed as not currently able to work due to health problems receiving almost £30 less per week in financial support
- Clients who are unable to be able to work in the medium term, or who may never be fit for work again, receiving the same financial support as JSA claimants without health conditions who are only expected to need short-term support.
- Clients who should be in the Support Group being wrongly placed in the WRAG, being sanctioned and losing all their income.
- Clients' physical and mental health worsening as a result of the changes.
- An increase in the number of Mandatory Reconsiderations, and consequent increase in the length of time to process decisions.
- Vulnerable clients waiting on a Mandatory Reconsideration decision being left without any income, as a result of being too unwell to claim JSA, or being unable to cope with conditionality and having their full benefit sanctioned.

CAS welcomes the Government's commitment to remove Carer's Allowance and Guardian's Allowance from the scope of the Benefit Cap.

CAS agrees with Lords Amendments 8, 9, 2, 3 and 4 and recommends MPs vote in favour of them.

ESA (Work-Related Activity component) and Universal Credit (Limited Capability for Work component) (Lords Amendments 8 - 9)

The Bill proposes to reduce the value of the Work Related Activity Group (WRAG) component of Employment and Support Allowance (ESA) 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 JSAⁱ. The Lords Amendments reverse these reductions.

ESA claimants – those that undergo a Work Capability Assessment and are found unfit for work – are placed into one of two groups: the ‘Support Group’ for people who are not currently capable of any sort of work-related activity, and the WRAG for people who are not currently able to work but are deemed to be capable of work-related activity, such as attending training programmes or CV workshops.

For a number of years, Employment and Support Allowance 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.

CAS is concerned about the proposals in the Bill for a number of reasons. Firstly, people in the 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.

As shown in the table below, the most recent official figures show there are 254,490 ESA claimants in Scotland, of whom 66,470 (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.

Number of ESA claimants in Scotland by phase and duration of claim, May 2015ⁱⁱ

	TOTAL	Assessment Phase	WRAG	Support Group	Unknown
TOTAL	254,490	43,100	66,470	138,440	6,500
Up to 3 months	20,780	16,650	550	2,200	1,380
3 – 6 months	17,900	11,400	1,230	4,450	830
6 months – 1 year	25,460	8,120	5,040	11,410	890
1 – 2 years	57,100	4,610	14,780	36,610	1,110
2 – 5 years	121,620	2,080	40,960	76,580	2,000
5 years +	11,630	240	3,910	7,190	290

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, more than two-thirds of Scottish claimants in the WRAG (68%) 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 notedⁱⁱⁱ, many claimants may never be fit for work again, due to permanent disabilities or degenerative conditions.

CAS has also 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.**

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.

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'^{iv}, 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 client to become unwell and also start to use drugs again.**

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.^v 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]*.**

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. Furthermore, we are also concerned that vulnerable clients who are unable to work will be left without any income at all, 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.

CAS supports Lords Amendments 8 and 9, and recommends MPs vote to agree with them.

Benefit cap (Lords Amendments 2 - 4)

The Bill proposes lowering the existing household Benefit Cap from £26,000 to £20,000 per year for families, and £18,200 to £13,400 for single people. Given the

large reduction in the cap, CAS would expect an increase in advice given in this area, due to a reduction in the support from the social security system, for some families by £6,000 per year.

Citizens Advice Scotland welcomes the Government's proposed removal of Carer's Allowance and Guardian's Allowance from the benefits that are included in the terms of the Benefit Cap. In addition to the reasons put forward in support of these in the House of Lords^{vi}, benefits for carers are set to be devolved to the Scottish Parliament by the Scotland Bill, and as such the inclusion of Carer's Allowance could have caused unintentional devolution issues if a future Scottish Government were to increase or replace the benefit.

CAS supports Lords Amendments 2-4 and recommends MPs vote to agree with them.

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

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

ⁱⁱⁱ 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

^{iv} 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>

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

^{vi} HL Deb 9 February 2016 cols 2121-2129
<http://www.publications.parliament.uk/pa/ld201516/ldhansrd/text/160209-0001.htm#16020973000405>