

Cyngor Ar Bopeth Cymru
Citizens Advice Cymru



tystiolaeth cab

cab evidence

**Economic Development and Transport
Committee: Policy Review Economic
Inactivity**

**5-19 Heol Ddwyrain y Bontfaen
Caerdydd
CF11 9AB
Ffôn 029 2037 6750
Ffacs 029 2034 1541**

**5-19 Cowbridge Rd
East Cardiff CF11 9AB
Telephone 029 2037 6750
Fax 020 7833 4371**

Introduction

1. Citizens Advice Cymru welcomes the opportunity to submit evidence to the Economic Development Committee's Review into Economic Inactivity.

2. The CAB Service is the largest integrated network of advice service in Wales, consisting of 62 main offices and 211 secondary advice outlets. A Citizens Advice Bureau is independent and provides free, confidential, impartial advice to everybody regardless of race, gender, religion, sexuality or disability. The Aims of the Citizens Advice Bureau service are

- 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 needs effectively

and equally;

- to exercise a responsible influence on the development of social policies and services both locally and nationally”.

Economic Inactivity

3. In 2002-2003, the CAB service in Wales dealt with £176,000, 000 of client debt, actively negotiating on behalf of clients with their creditors to alleviate their situation and recorded at least £22,000,000 worth of gains from welfare benefits on behalf of clients. Citizens Advice Cymru handled 8,435 enquiries on disability and sickness benefit and provided advice and information to people wanting work. CAB in Wales also managed 23,255 enquiries related to Employment.

4. Each Citizens Advice Bureaux is centrally engaged with the issues that cause poverty and social disadvantage in their local community. By the nature of the work done by Bureaux in terms of individual client contact and local partnerships forged with local statutory bodies, together with other voluntary and community organisations, they are ideally placed to identify where there are shortfalls in support for individuals, families and communities who may feel disenfranchised from the regeneration process, including access to appropriate benefits together with feasible and sustainable employment.

5. We are centrally concerned as an organisation that deals with individuals on a client-by-client basis, that the information that we share with our clients ensures they are fully informed and confident in making life-changing decisions. This **enabling** part of our advice process is of crucial importance for clients, who are currently economically inactive as a consequence of their health, socio-economic and geographical situation, but who are considering employment as a means to improve their quality of life.

6. Furthermore, improving individuals' ability to manage their financial situation and maximizing their income levels, according to work-related (e.g.

Tax Credits) and other benefits (e.g. sickness and disability benefits) together with an increased awareness of their employment rights, enhances the individuals' ability to contribute to socio-economic activities.

Incentives to Work

7. There are a number of other specific concerns in relation to initiatives and policies geared to assist individuals to become economically active citizens that we would like to address.

8. Citizens Advice Cymru recognises the central role that Jobcentre Plus plays as the statutory vehicle for economic regeneration and as an integrated point of access for people seeking information and guidance in terms of future employment opportunities and welfare benefit issues. We are also encouraged by Jobcentre Plus' recognition of the issues that need to be addressed in order to deliver support that is catered to the individual's circumstances – particularly the need for genuine options of employment for people out of work and also a responsive system of benefit support for those unable to continue work.

9. As a consequence, local CAB have initiated working relationships with local Jobcentres and Jobcentre Plus offices to ensure that the client receives the best possible service in terms of advice and information. Citizens Advice Cymru has also engaged with Jobcentre Plus at a Wales/strategic level in order to build upon positive working relationships – looking at the services co-ordinated by district offices and the *Pathways to Work* pilot in Bridgend – Rhondda Cynon Taf.

10. In relation to this aspect and on the basis of evidence received from Bureaux, we have raised some concerns regarding the Jobcentre Plus systems of dealing with clients who are considering work as an option and also advisers' awareness of the circumstances and support needs of clients when out of work.

11. Citizens Advice have submitted a response to the Department of Work and Pension's consultation on its **Pathways to Work strategy** in February 2002 (attached) and comments on the benefit system and also the general approach by Government in supporting people with disabilities and illness who want to work. This is further chronicled in our response to the Consultation by the Social Security Advisory Committee on the **Draft Social Security (Incapacity Benefit Work-Focused Interviews) Regulations 2003** (attached) which comments more particularly on the often negative effect of the assessment and decision-making process on awarding Incapacity Benefit (IB) and the approach to work-focussed interviews by Jobcentre Plus.

The biggest group of long term out of work people are those who are considered unfit for work and receiving Incapacity Benefit (IB), Incapacity Benefit /Income Support (IS) or Income Support. We are encouraged that Jobcentre Plus acknowledges that there are genuine barriers to getting these people back into work but are concerned that the systems that are in place

may be hindering many individuals ability and desire to enter / re-enter the work place.

We have evidence that many individuals, who have been out of the employment market for a long-time and for very strong reasons, are subject to inadequate Personal Capability Assessments (PCA) and also a lack of exploration of the options available to enable them to approach a difficult situation in as positive a manner as possible. Such clients need to approach their situation with confidence and without suspicion that they will lose their current benefit awards.

- For example, there is a worrying amount of cases where clients lose their Incapacity Benefit for not attending their PCA, even with good cause. This can happen when the person has either not received the appointment letter, or who has notified good cause but still loses IB.

A **Denbighshire CAB** client had panic attacks on public transport. He explained that he could not make the two-hour trip to a Personal Capability Assessment. DWP decided that this was not good cause” and stopped the IB.

Also, we have evidence that Jobcentre Plus often seem to punish people who do not attend a PCA with a very long delay (typically 3 months) in deciding a new IB application, during which time the client is without income and may find it very difficult to access a crisis loan from the Social Fund. If you fail the PCA, your IB is stopped instantly – this can have a detrimental effect on a clients’ income, and can lead to sudden indebtedness.

12. There is also evidence available of the need for improved awareness amongst Government services of the effect of delayed decisions on benefit entitlements.

- **Neath CAB** reports a case in which a lone parent of children has been without IS and IB for 11 weeks after failing to attend a Personal Capability Assessment, and had no money for food or fuel. The CAB takes the view that Jobcentre Plus has taken an unacceptable length of time to investigate the case – particularly since the man is entitled to IS as a lone parent.

13. Further evidence points to the need to review the method of initial contact. Whatever medium of communication (telephone, face-to-face e-mail) it is important to establish methods of clear and effective information sharing that will aid a better understanding a) on behalf of the Jobcentre adviser in order to establish a clear picture of the clients needs and b) on behalf of the client in order for them to consider what benefits and options are available and most appropriate.

- A **South Wales CAB** are gathering evidence on Jobcentre Plus Call Centre as well as other issues that have arisen over their method of service-delivery. They have reported a client who contacted the

Jobcentre Plus for information on what help was available for her husband who had suffered a stroke. The husband was in full-time work and should have been advised to claim SSP. However, she was sent a form to sign, which stated her husband would be claiming IB and also included HB/CTB and DLA forms – which caused confusion and added stress.

Awareness of Mental Health and Learning Disabilities

There is a growing need for greater awareness, in particular amongst advice giving agencies and employers of the needs of individuals with mental health issues and the effect that stigmatisation and discrimination has in the cases of individuals suffering from mental ill-health in social and economic terms.

On 7 April 2004, Citizens Advice and Citizens Advice Cymru will publish a Social Policy report on CAB evidence on mental health and social exclusion, entitled ***Out of Sight***. This will look at issues facing clients with mental illnesses in the work place, the benefits system and the credit industry.

Accordingly, we would like to invite the Committee to consider the findings of this report. In particular, the report recommends that in light of the review of the NSF for Mental Health, there is much that the National Assembly can do to improve awareness of mental health as a socio-economic issue and to tackle discrimination and its effect on the individual within the employment sector.

Citizens Advice Cymru are aware of the need to update advisers on the skills needed to identify clients with mental illness or learning disabilities and be able to meet their needs. This aspect will become increasingly important in our training programme and is closely linked to the independent, confidential and holistic principles underpinning our advice process. It is important that advisers from all agencies are able to form a trusting relationship with clients that are suffering from mental ill-health, in order to achieve the most appropriate outcome for that client. Some cases can take a long time to progress – particularly when taking into consideration the client's ability to understand their rights and responsibilities in relation to benefit entitlement, employment opportunities and managing debt.

- **Bridged CAB**, which is in the pilot *Pathways to Work* area, reports requesting an IS form for a man with mental health problems who has been receiving IB and DLA for several years. The Bureau considers that he had also been eligible for IS for two years. The Jobcentre would only issue the form on the understanding that the man would attend the office for a work-focused interview. The CAB explained that the man's condition meant that he would find it extremely stressful to attend, but the Jobcentre insisted that he must do so. (See also **Denbighshire CAB** case study above)

Disability and work

Because they sometimes lack both skills and work continuity, people with physical and mental disabilities are more likely to stay at lower rates of pay without prospects of getting higher pay in future years.

Taking this to account in the benefit field, Working Tax Credit (WTC) offers little incentive for people who are likely to remain on low incomes to move back into work because of the way it interacts with Housing Benefit. It is virtually impossible for them to escape the poverty trap created by the fact that any gains in WTC is counted as income and therefore clawed back by a reduction of Housing Benefit and Council Tax Benefit. Until people earn enough to take them well above the Housing Benefit threshold, they gain nothing; this predicament is illustrated in **Appendix 1**.

Accordingly, by taking into account the higher benefit take-up and lower average incomes in Wales, it is particularly important for WAG to drive investment programmes that generate feasible employment opportunities and that provide appropriate means of obtaining the skills and confidence to develop their employment options.

The “Added Value” of Volunteering and Training

There is an apparent need to increase the recognition of voluntary organisations and volunteers in policies to raise economic activity levels. The CABx service in Wales is delivered by staff of whom 79% are volunteers, which in 2002-3 consisted of 1629 people. These volunteers act as advisors, trustee board members, administrative workers and support workers. There are 334 paid staff of whom 142 are specialist advisors.

Volunteer training programmes has the potential to make a significant contribution to sustainable employment – particularly as it provides staff with the skills and knowledge for employment in other fields. For example, Citizens Advice has a consistent record in helping volunteers to secure employment (and paid staff to advance professionally). Indeed many of our younger volunteers rightly see their training and experience in the CAB as a vital step upgrading their skills and thereby securing the kind of employment that they seek. In 2000/2001 the number of volunteers working as advisers in Bureaux in Wales was 715. Of these 44.9% were under the age of 55, 11.2% were registered disabled and 2.66% from ethnic minorities. Of those leaving the Bureaux within two years of completing Generalist training (49.4%), 42.9% left for paid employment, 4.9% for education and 1.5% for other voluntary work.

Accordingly, its important to recognise that ‘voluntary’ is not synonymous to ‘untrained’ or ‘unprofessional’ and should not be considered a zero rating; it should be embraced as a cost effective mechanism which compliments and enhances all other sectors. Adequate arrangements for the provision of training are essential for this and could be supported more strategically

economic regeneration agencies such as ELWa and the WDA in partnership with the WAG and its' statutory partners. An example of how this could be implemented as a regeneration strategy is the previously proposed Citizens Advice Cymru – ELWa Pathfinder Project to provide training for new volunteers in four districts using a centralised management and/or delivery model.

Employment Rights Advice

The WAG and the statutory equalities bodies have already identified the immediate need for more readily available and equitable, quality employment advice across Wales. The "*Snakes and Ladders*"¹ research report by Bangor University presents the case for a coherent and quality assured support system to tackle discrimination in the workplace and to address deficits within the reporting to and adequate representation within the Employment Tribunal system. The Employment Rights Network Wales,² of which Citizens Advice Cymru is a member, has inherited the role of developing and supporting the recommendations in the report.

The main recommendations for the National Assembly were:

- Consider the provision of advice services for discrimination cases as part of the strategy to address social exclusion in order to ensure the provision of advice and support services to those people who are ineligible for publicly funded legal assistance.
- Give consideration to funding a high level co-ordinating body responsible for the strategic development of Employment Advice in Wales and tackling the level of discrimination at the workplace.

The Employment Rights Network Wales is clear that there should be a wide strategic role for the WAG and National Assembly for Wales to engage with employment advice agencies. For example, in relation to the equalities agenda, a coherent and comprehensive employment advice network has the clear potential to progress the aims of Assembly's Race Equality Scheme in meeting the needs of minority groups, including Refugee, Asylum Seekers and Gypsy Travellers and has connotations with the desired outcomes of the All Wales Refugee Policy Forum and would clearly have a role to play in future Integration Action Plans.

Promoting and supporting viable and sustained employment is a key to becoming fully integrated and economically active citizens of Wales. This is particularly true given the less favourable characteristics of the Welsh employment market e.g. generally lower employment rates; gender pay gaps; the economic activity rates amongst ethnic minorities; labour market exclusion of the disabled.³

¹ Conducted by Bangor University on behalf of the EOC, LSC, DRC and CRE (February 2003 - ISBN 1 84206 044 9)

² Employment Right Network Wales (ERNW) is a Registered Charity

³ *Snakes and Ladders* (p 6-7).

Case Study Illustration

This is a case illustration of the considerations that need to be taken into account when someone is in a position to return to work.

A client with long term mental health problems, who has frequently been sectioned under the Mental Health Act 1995 is described by her psychiatrist as having a schizo-affective disorder for which she receives anti-psychotic medication. She is doing a computer course and thinking of returning to work and approached her local CAB in October 2003. She currently lives on Income Support and receives full Housing Benefit for her rent of £80.00 per week and full Council Tax Benefit of £21.62 per week and is paid £30.30 a week lower rate care and mobility Disability Living Allowance (DLA) which would be paid if she were in or out of work.

The adviser calculated with the help of the Quick Benefits check her likely income if she worked part-time and if she worked full-time and claimed Working Tax Credit (WTC). She had worked previously and been paid £5.00 an hour so this was used to calculate her likely income.

Benefit Income when out of work

Income Support	£77.95	
Housing Benefit	£80.00	
Council Tax Benefit	£21.62	
DLA	<u>£30.30</u>	
	£209.88	Disposable Income <u>£108.25</u>

Income on full-time work

£5.00 per hour x 35	= £175-00	(annual income £9,100)
WTC	£51-57	
DLA	<u>£30-30</u>	
	£256-87	
Less:		
Tax and N.I. contributions	£24-04	
Council Tax contribution	£18-53	
Rent contribution	<u>£60-24</u>	
	£102-81	Disposable Income <u>£154-06</u>

Working part time, the client would still get contributions to Housing Benefit and Council Tax Benefit. Although working full time and receiving Working Tax Credit, she would probably be approximately £20.00 below covering her basic needs according to the Rowntree Foundations assessment⁴.

⁴ Rowntree Foundation, *Poverty in Britain: the impact of government policy since 1997, 2003*