

One million disabled people into work? – the Welfare Reform Bill

I have been asked to look at the impact of the Government's **Welfare Reform Bill** on Clydeside working class communities, and indeed across the UK.

The Government has said it believes '**one million disabled people are willing and able to work**'. As we shall see, if you are disabled and unable to work under the **Welfare Reform Bill** you may be forced into poverty while you wait three to four months to be assessed under the Bill. You might also find that due to procedural rules you are forced into poverty from **benefit sanctions** under the Bill.

Firstly, I would like to summarise the origins of the Bill and explain what it will mean to those on incapacity benefit, before providing a more detailed analysis of the Bill's key problems and weaknesses.

Orgins & progress of the Bill

On 24th January this year the Government published the Welfare Reform Green Paper – '**A new deal for welfare: Empowering people to work**'. On 4th July the **Welfare Reform Bill** was introduced to the House of Commons, and debated on 24th July. The Bill will overhaul the **incapacity benefit system**, as well as reforming housing benefit and other benefits. The Bill has received its first and second readings in the Commons, and commenced its Standing Committee stage on 17 October 2006. The Bill is unlikely to be passed until later next year; and is unlikely to come into force until 2008. It is understood that the Bill will apply initially only to new claimants.

What will the Bill mean to those on incapacity benefit?

Around 2.7m people in the UK claim incapacity benefit at a cost of £7bn each year. The Government's aim is to get one million people off incapacity benefit over the next decade. At present, long term incapacity benefit is paid at £78.50 per week, whereas income based jobseekers allowance (JSA) for over 25s is about £20 less per week, at £57.45 or £32 less per week for under 25s at £45.50 per week.

Under the Bill, incapacity benefit and income support for those incapacitated will be replaced with a new **Employment and Support Allowance**. The Employment and Support Allowance will pay claimants at JSA levels during the **assessment phase** which is expected to take at least 3 months. During that phase claimants will undergo a new '**Personal Capability Assessment**' and a '**Work Focused Interview**'.

Claimants will be separated into **two groups** – those thought to be able to work, and those who are assessed as severely ill or disabled. The severely ill or disabled will receive a '**Support Allowance**' worth about £80 per week. The Government estimates that around 20% of those currently on incapacity benefit will be eligible for the Support Allowance. The remainder of claimants will receive a basic allowance set at the JSA level unless they participate in '**Work-Related Activity**'. Work-related activity means attending a further 5 interviews with a Personal Advisor helping the claimant back to work. If a claimant misses an interview without good cause the work-related component of their benefit will be cut – resulting in a maximum loss of £20 per week.

Will the Bill work?

- **Compulsion:** The Government says its new Employment and Support Allowance is based on the Pathways to Work pilots. But the need for **compulsion** was not indicated by these pilots – 8% of participants on Pathways to Work were volunteers and they accounted for 20% of the people who successfully moved into work. It is also true that people on

Pathways to Work who obtained jobs received a £40 per week '**Return to Work**' credit for up to a year. The case for a system based upon compulsion and benefit sanctions has not been made. What is more likely to happen is that many people – for all sorts of reasons – will fail to comply with the compulsory elements of the Bill and find that their benefits are cut. If they have children, being placed on the equivalent of JSA will mean living in poverty – we know that because 75% of children in a family receiving JSA are poor.

- **Employment opportunities:** The Disability Rights Commission has criticised the Government for portraying one million people on incapacity benefit as 'work shy'. DRC chairman, Bert Massie said characterising people as '*work shy will hardly aid their employment prospects*'. But there is a deeper underlying problem here. Many employers are reluctant to give decent paid jobs to sick and disabled people – particularly those who have a mental illness or learning disability. Forcing the sick and disabled to attend monthly back to work interviews, and compiling work action plans, is meaningless and unfair if employers continue to discriminate against disabled people. The evidence is that they do discriminate. The Government needs to tackle this problem.
- **Procedural problems:** All new claimants will be required to be assessed for eligibility for the Employment & Support Allowance. While the intention is to complete this assessment within 3 months – it may take much longer. Meantime severely disabled people will only receive the equivalent of JSA – £57 per week or £45.50 if they are under 25 years of age - and there is no provision for backdating. There are other procedural problems. For example, if a claimant misses a interview with their Personal Advisor they will only have 5 days in which to show **good cause** for doing so – otherwise benefits will be cut and lost. Over zealous bureaucratic rules usually result in people losing money for reasons unrelated to fairness or social justice.

- **Decision making:** The Department of Works and Pensions has a poor track record when it comes to decision making. The highest number of social security appeals are for disability living allowance, with incapacity benefit representing the second highest category. When people appeal to the social security tribunal against a decision not to award incapacity benefit with the assistance of a representative, they win in 75% of cases. It is therefore reasonable to suggest that decision makers will make a lot of mistakes with the new Employment & Support Allowance. However, the problem under the Bill is that bad decision making will result in **benefit sanctions** which will force more people and families into poverty.
- **Working poor:** People on benefits who return to low paid work might be good news for employers and the economy – as a low paid labour is an essential requirement for profit maximisation – however, we must not forget that even with the current system of tax credits a significant number of workers in the UK are ‘working poor’. Entry to the labour force will result in a loss of various other benefits – such as help with housing costs and council tax – and until the balance between loss of benefits and low pay is redressed, low paid work will not necessarily represent a route out of poverty.
- **Knock on effects:** Perhaps the greatest concern arising from the Bill is the knock on effect of moving 2 million people from incapacity benefit to the employment allowance. We know that one in three disabled adults of working age is a parent in the UK. The fact that a massive number of households with children **will lose £20 per week** – whether temporarily or permanently - will surely frustrate the Government’s aim to lift a million children out of poverty by 2010. In practice, the ability of families with a disabled adult to lose minimum income is likely to lead to increased poverty, an increase in landlord and tenant evictions, and an increase in personal debt.

In conclusion, any system predicated on the assumption that most incapacity benefit claimants are fraudsters with imaginary bad backs will result in

injustice. The evidence is that only a small minority of claimants are cheats – yet all sick and disabled people will be treated with equal suspicion and sanction under the Bill. Coercing people who are ill to take up jobs or face poverty is just plain cruel. Helping those who are able to get back to work do so is fair and reasonable. But a one size fits all penal approach to social assistance is no solution; and that is what the Welfare Reform Bill will impose.

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