

Royal National Institute of Blind People (RNIB) submission to the Welfare Reform and Work Bill Public Bill Committee

16 September 2015

Summary

This submission focuses primarily on the proposed abolition of the Work-Related Activity Group (WRAG) component for new claims for Employment and Support Allowance (ESA) from April 2017 (clause 13). The points made are also relevant to the corresponding measure relating to Universal Credit (clause 14).

The submission seeks to demonstrate that the proposed measure would not only cause financial hardship to the claimants concerned, but would introduce structural anomalies and disincentives into this part of the benefit system.

1. Introduction

1.1 RNIB is the leading charity for blind and partially sighted people in the UK. We are a membership organisation with over 10,000 members who are blind, partially sighted or the friends and family of people with sight loss. Part of our work is to campaign on behalf of and fight for the rights of people with sight loss across the UK.

1.2 RNIB is a member of the Disability Benefits Consortium (DBC) which has provided a separate submission to the Committee¹.

1.3 The Welfare Reform and Work Bill would have the effect of freezing or reducing a number of benefits which, while not necessarily specifically intended for disabled people, are nevertheless disproportionately received by them. This is because most of the benefits concerned are means-tested and disabled people, whether in or out of work, are disproportionately likely to be on a low income.

¹ **Submission to the Welfare Reform and Work Bill Public Bill Committee**, Disability Benefits Consortium, 1/9/15.

1.4 The DBC submission argues in favour of various amendments relating to: employment and apprenticeship (clauses 1-2); the benefit cap (clauses 7-8); the four-year freeze of various benefits and tax credits (clauses 9-10); the “two child limit” on Child Tax Credit and Universal Credit (clauses 11-12); the abolition of the WRAG component of ESA (clause 13); and Universal Credit work-related requirements in respect of carers for disabled children (clause 15).

1.5 RNIB was party to and fully supports these recommendations. However, in this submission, we wish to focus on the penultimate issue in the above list, the proposed abolition of the ESA WRAG component for new claims from April 2017 (clause 13). The points made are also relevant to the corresponding measure relating to Universal Credit (clause 14).

2. Employment and Support Allowance (clause 13)

2.1 When people are assessed as currently not being “fit for work” they are placed in either the ESA Support Group (for those with substantial disability or terminal illness) or in the WRAG.

2.2 The Welfare Reform and Work Bill seeks to legislate to reduce the amount of support new claimants receive within the ESA WRAG from (at current rates) £102.15 a week to £73.10 – the same rate as Jobseeker’s Allowance (JSA). This is despite the fact that the ESA WRAG is specifically there to provide support for those who are assessed as being able to undertake work-related activity and move towards employment, but who are not yet fit for work. That is, they may be on the way, but are not there yet.

2.3 While some will be able to benefit from work related activity (and indeed are sanctioned if they do not participate) others may experience a deterioration in their condition. Many will spend some considerable time in the WRAG and the extra payment, compared with JSA, is designed to reflect this. 60 per cent of those on JSA move off the benefit within six months - almost 60 per cent of those in the ESA WRAG are there for at least two years. This reflects their disability and the associated obstacles to employment, employers' attitudes among them, not (at £102.15 a week) a comfortable income on benefit.

2.4 Those who do manage to find a job and then lose it again after 12 weeks would only be able to re-claim ESA at the reduced rate – not much of a work incentive. The corresponding “linking rule” in Universal Credit would be 6 months, which is better, but still only slightly eases a real work disincentive.

2.5 This measure is counter-productive in terms of work incentives for other reasons also. Cutting the ESA WRAG rate to the bare minimum, causing hardship, debt and stress, is unlikely to help disabled people seek work effectively, being more likely to disrupt their work capability preparations. Worrying about paying bills and just surviving will make it harder, not easier, to be ready to look for a job.

2.6 Moreover, the financial differential between the WRAG and Support Group would become hugely problematic. At current benefit rates, it is £7.15 per week. Under the proposed regime, it would be £36.20.

2.7 Among the effects of this:

- those in the Support Group who might be interested, in spite of their ill-health or disability, to try their hand at some work-related activity, would now face a huge disincentive;

- those in the WRAG with the most serious health problems or disabilities would have a strong incentive to seek to move into the Support Group;

- those wrongly placed in the WRAG, who should be in the Support Group, would be even more severely disadvantaged than now by poor decision-making;

- the anomaly whereby visually impaired people who are Braille readers can be excluded from the Support Group would be even more unfair in its effect (visually impaired people who would otherwise be in the Support Group can be placed in the WRAG if they can read Braille, even if they have no realistic prospect of moving into work).

2.8 All of this would work against the Government's professed aim to halve the disability employment gap (the much lower

employment rate of disabled people compared to their non-disabled counterparts).

2.9 Speaking of which, Ministers have argued that JSA claimants receive significantly greater support than ESA claimants in finding work – much more should be provided to people in the ESA WRAG. This is true, but confuses the issues. People getting JSA should receive high-quality support to find work. People getting ESA who are in the WRAG should receive high-quality support to prepare for the point at which they are able to look for work. The two should not be conflated. Improved support in preparing for work has been promised by Ministers and is very welcome. This, not counter-productive benefit cuts, has to be the answer.

2.10 It will not do to argue, as some have, that Personal Independence Payment (PIP) can substitute for the reduced WRAG payment. The additional sum (just under £30 per week) paid to an ESA claimant in the WRAG, compared with the JSA rate, is designed to reflect the additional costs of being on a very low income for a longer period than would normally be the case for a non-disabled person. In other words, clothes and essential consumer goods wear out and need replacing, while a very low income means that building up savings is not practicable. PIP, on the other hand – for those who qualify – is designed to recognise the additional costs of disability, such as transport, paying someone to do the shopping, or abnormal wear and tear on clothing. It is important not to confuse the two purposes.

2.11 Of course, some claimants may in practice use their ESA WRAG component partly to meet the extra costs of disability and some may spend their Disability Living Allowance or PIP on expenses arising from a lengthy period on a low income, but the purposes of the two payments complement each other and many disabled people will need both to get by.

3. Conclusion

3.1 It is difficult to escape the conclusion that a saving has been identified here without the considerable implications, in terms not only of hardship but also of structural anomalies and disincentives, having been thought through.

3.2 We hope that the information and argument presented above will convince members of the Committee that the changes contained in clauses 13 and 14 of the Bill should not proceed.

Further information from:

Geoff Fimister
Campaigns Officer (Incomes)
Royal National Institute of Blind People
105 Judd Street
London WC1H 9NE

Tel. 020 7391 3266

E-mail gfimister@rnib.org.uk