

Briefing on the Welfare Reform Bill

House of Lords, Second Reading, 19 July 2011



Purpose: **To brief Peers ahead of the Second Reading of the Welfare Reform Bill in the House of Lords**

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Introduction

This briefing sets out Macmillan Cancer Support's position on the Government's Welfare Reform Bill. While we support the need for reform, we are asking Peers to speak out against measures that risk leaving many people with cancer without critical financial support at a time when they need it most.

Summary

Macmillan has three priorities for the Welfare Reform Bill:

- 1. To make sure people with cancer continue to receive critical financial support for as long as their disability or long term condition limits their ability to work**

The Bill proposes to limit the length of time someone is able to receive Employment and Support Allowance (ESA) on a non means-tested basis to 12 months. 75% of people with cancer need this support for longer than twelve months, and a cancer patient could lose all their benefit if their partner earns more than just £7,500 per year. Up to 7,000 cancer patients will lose up to £94 per week in vital financial support. **Macmillan is asking Peers to support the principle that cancer patients who have paid into the system should receive support for as long as they cannot work because of their illness.**

- 2. To make sure people with cancer can apply for financial support to help with the extra costs of being disabled as soon as their support needs arise**

A new Personal Independence Payment (PIP) replaces Disability Living Allowance (DLA). Included in the changes is an extension, from three to six months, of the qualifying period someone must wait before they are able to receive this support. Cancer patients face a range of immediate costs following diagnosis and many struggle to cope with the existing three month wait. **Macmillan is asking Peers to call for changes to the Bill in order to allow cancer patients to apply for support as soon as their needs arise and to speak out against any increase to the qualifying period for PIP.**

- 3. To end the current unjust system where the type of cancer treatment someone receives affects how they are treated in the welfare system**

Currently, people with cancer receiving oral chemotherapy or radiotherapy still have to undergo a medical assessment to determine if they are eligible for ESA, whereas people receiving non-oral chemotherapy do not. Ministers have indicated they would accept the Harrington Review's recommendations to address this anomaly. **Macmillan welcomes the Government's commitment and is asking Peers to encourage Ministers to bring forward specific proposals for change as the Bill goes through the Lords.**

Detailed briefing on Macmillan's priorities for the Welfare Reform Bill

1. Employment and Support Allowance – introduction of time-limiting

ESA is a benefit for people who are out of work because of illness or disability. Following a 13 week assessment stage, during which the claimant undergoes the Work Capability Assessment, if they are assessed as eligible for ESA they will either be placed in the Support Group or the Work Related Activity Group (WRAG). In the Support Group there are no conditions on receiving the benefit. In the WRAG the claimant will be expected to do certain work-related activities in order to receive the benefit.

There is currently no limit to the amount of time a person can remain in either the ESA Support Group or the WRAG. The Welfare Reform Bill will limit to 12 months the amount of time someone in the WRAG is eligible to receive ESA on a contributory basis. Thereafter, a means-test will apply.

Twelve months is not long enough for many cancer patients to get back to work

People with cancer face a range of barriers that impact on their ability to return to work:

- They can experience debilitating physical and psychological effects from cancer and its treatment, including severe pain, fatigue, nausea, fever and diarrhoea
- The majority (53%) are not advised by medical professionals about the impact of their cancer diagnosis on their working life and how they can manage their condition
- They are not routinely offered the range of back to work services they need such as counselling, re-training and work-placed advocacy
- They are less successful in securing workplace adjustments that they are legally entitled to which can help them return to work. This is likely linked to the fact that just 43% employers know that people with cancer have legal protection against discrimination.

All of this contributes to the fact that **three quarters (75%) of people with cancer** placed in the WRAG are still claiming the benefit 12 months later.

How do the Government's proposals affect people with cancer?

Macmillan believes that people with cancer should continue to receive critical financial support for as long as their disability or long term condition limits their ability to work. Our healthcare professionals are clear that many people living with cancer will need longer than 12 months before they are ready to return to work.

The Government argue that means-testing will allow those without alternative financial support to continue to receive the means-tested benefit, but in reality the means-testing threshold is so low that a cancer patient could lose all their ESA benefit if their partner earns more than just £7,500 per year. **Macmillan estimates that this will result in nearly 7,000 cancer patients losing up to £94 a week.**

An example where a couple's disposable income drops 68% from £441 to £139:

Paul and Anne are in their late fifties. After a breast cancer diagnosis Anne starts treatment and claims Statutory Sick Pay. When means-tested for ESA after 12 months, Paul and Anne stop receiving any money as Paul works more than 24 hours per week. Anne experiences physical and psychological effects long after treatment has ended which mean she is not 'fit for work' after 12 months.



The proposed changes will be very rapid – time-limiting will start from April 2012. Anyone in the ESA Work Related Activity Group from April 2011 will, if they exceed the means testing threshold, immediately lose £94 a week. Some people with cancer who are just about coping financially will be dumped straight into poverty. The Government has so far not sought to justify the proposals on the basis of evidence of needs but instead argues that this is just one of the difficult decisions that need to be taken in order to tackle the national deficit. It cannot be morally justified to take money from someone undergoing a life-threatening illness after 12 months simply because they are still too ill to go back to work.

What can Peers do to show their support for vulnerable people with cancer at Second Reading?

Macmillan believes that the Government's proposals risk placing people living with a life-threatening illness and their family under further psychological distress and financial pressure. **Macmillan is asking Peers to speak out against time-limiting ESA and support the principle that cancer patients should receive support for as long as they are unable to work because of their illness.**

2. Personal Independence Payment (PIP) – extension of qualifying period

As part of the Government's proposals, a new Personal Independence Payment (PIP) will replace the Disability Living Allowance (DLA) in providing financial support to help people meet the additional costs associated with their long term condition. Included in this change is an extension – from three to six months – of the qualifying period someone must wait before they are able to receive this support.

For people with cancer, where treatment and its debilitating effects can begin very quickly after diagnosis, support needs are often immediate. For example:

- **Travel and parking costs** for hospital appointments – low immunity or fatigue often forces people to rely on taxis rather than use public transport

- **New clothes** – many people experience dramatic weight loss or gain or find it difficult to wear particular clothes
- **Extra fuel costs** – increased need for heating, and increased use of the washing machine due to hygiene requirements
- **Aids, adaptations, wigs, shoe inserts, special diets.**

Macmillan believes people with sudden-onset, long-term conditions should be able to claim support as soon as their support needs arise. **We are flatly opposed to increasing the qualifying period from three to six months.**

Karen Davies, 51, a breast cancer patient, said: *“I needed help straight away but I had to wait three months before I could get my DLA. Waiting yet another three months for DLA would have given me a nervous breakdown. I think I’d have gone back to work and not had the operation for fear of going into debt.”*

The Government claims there is alternative financial support available to cover the immediate costs related to a person’s disability or illness. However, much of this support, such as the NHS travel cost scheme, is means-tested whereas DLA and the PIP are not. Furthermore, Macmillan’s benefits advisers tell us that this alternative support often takes weeks or months to process. The outcome of delaying payment by another three months is that cancer patients who are struggling to pay their bills or mortgage payments will face even more debts and stress at a time when they are already dealing with a life-threatening illness.

What can Peers do to show their support at Second Reading?

In the Commons, Ministers said they were willing to listen on the qualifying period for PIP. **Macmillan is therefore asking Peers to support changes to the Bill to allow someone with a sudden onset condition or disability to be able to receive an early assessment rather than having to satisfy the full six month qualifying period.**

3. Extending cancer exemptions for Employment and Support Allowance

As part of the Welfare Reform Act 2007, the Government agreed that people with cancer who are receiving *non-oral* chemotherapy (e.g. via an intravenous drip) should not have to undergo a medical assessment in order to receive financial support. Instead they are placed directly in the Employment Support Allowance (ESA) Support Group. However, people with cancer receiving *oral* chemotherapy or radiotherapy must still undergo a medical assessment to determine if they are eligible for ESA. They can still be placed in the ESA Work-Related Activity Group where they must take part in work related activities in order to receive their benefit.

What can Peers do to show their support at Second Reading?

Macmillan has submitted our own recommendations to the Professor Harrington’s Review of the Work Capability Assessment. We welcome the Government’s reassurances that it will follow Prof Harrington’s recommendations. **Macmillan is asking Peers to encourage Ministers to bring forward specific proposals for change as the Bill goes through the Lords.**

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