

Macmillan Welfare Reform Bill Briefing



Purpose: **To brief Peers ahead of the Second Reading of the Welfare Reform Bill on 13 September 2011**

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Introduction

This briefing sets out Macmillan's position on the Government's Welfare Reform Bill in advance of the Second Reading Debate in the Lords on 13 September 2011. While we recognise the need for reform of the welfare system, we strongly support the growing calls for changes to the Bill. We are asking Peers to speak out against measures that risk leaving thousands of people undergoing a potentially life-threatening illness without critical financial support at a time when they need it most.

Overview – Macmillan's 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 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, even though the Government's own estimates show that 94% of claimants will need this support for longer than a year. A cancer patient could lose all their benefit if their partner earns as little as just £7,500 per year. Macmillan estimates that approximately 7,000 cancer patients will lose up to £94 per week in vital financial support despite not being well enough to return to work. **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 their condition as soon as their support needs arise** – a new Personal Independence Payment (PIP) will replace Disability Living Allowance (DLA). Included in the change is an extension, from three to six months, of the time claimants must wait before they are able to receive support (the 'qualifying period'). Cancer patients face a range of immediate costs following diagnosis (e.g. hospital travel costs, higher energy costs, wigs and special diets) and many struggle to cope with the existing three month wait. Waiting six months will be devastating for many. **Macmillan is asking Peers to call for changes to the Bill so that cancer patients can apply for support from the new Personal Independence Payment as soon as their needs arise.**
- 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 said they will accept recommendations by Professor Harrington who has been looking at how best to address this anomaly. **Now that Prof Harrington has presented his recommendations to Government, Macmillan is asking Peers to call for Ministers to bring forward specific and timely proposals for change.**

Detailed Briefing on Macmillan's Priorities for the Bill

1. Employment and Support Allowance (ESA) – 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 the amount of time someone in the WRAG is eligible to receive ESA on a contributory basis to 12 months. 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 that can persist for months and even years following treatment
- 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 to which they are legally entitled 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.

Professor Jane Maher, Macmillan's Chief Medical Officer: *"In my experience one year is simply not long enough for many people to recover from cancer. The serious physical and psychological side-effects of cancer can last for many months, even years, after treatment has finished. It is crucial that patients are not forced to return to work before they are ready."*

The Government argues 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 if their partner earns as little as just £7,500 per year. **Macmillan estimates that this will result in approximately 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.



Stephen Townend started claiming ESA in March 2011. His partner earns roughly £160 per week. Under the Bill he will lose his ESA in April 2012: *"I can't believe the Government is planning to take away all my ESA after just 12 months because my wife works more than 24 hours a week. I had renal cancer and have had a kidney removed. I'm still in a lot of pain, I need a stick to walk and get awful pins and needles down my legs. Without my ESA we would find it really difficult to get by. We have used up virtually all our savings already. I have worked all my life and paid into the system but this doesn't seem to mean anything."*

The proposed changes will also be very rapid – time-limiting will start from April 2012 – and will be applied retrospectively. This means anyone in the ESA Work Related Activity Group from April 2011 will, if they exceed the means testing threshold, immediately lose up to £94 a week. Many people with cancer who are just about coping financially will be pushed into poverty. The Government has so far not sought to justify the proposals on the basis of evidence of needs but instead has argued that this is just one of the difficult decisions that need to be taken in order to tackle the national deficit. It cannot be right to take money from someone undergoing a potentially 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. 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 has said 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 Healthcare Travel Cost Scheme, is means-tested whereas PIP will not be. Furthermore, Macmillan benefits advisers tell us that this alternative support often takes weeks or months to process. Cancer patients already find the three month wait difficult. The outcome of delaying payment by yet another three months will be that cancer patients who are struggling to pay their bills or mortgage payments will face more debt and more stress.

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 asking Peers to support changes to the Bill so that people with a sudden onset condition or disability would be able to receive an early assessment rather than having to wait 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 submitted recommendations to Prof Harrington's Review of the Work Capability Assessment that would extend protection to oral chemotherapy patients and certain groups of radiotherapy patients. Prof Harrington made his recommendations to Government in July. **Macmillan is now asking Peers to call on Ministers to bring forward specific and timely proposals for change.**

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