

Macmillan Cancer Support Briefing for Welfare Reform and Work Bill Consideration of Lords' Amendments – Tuesday 23 February 2016 Proposed changes to Employment and Support Allowance and Universal Credit

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Overview

This briefing is for Members of Parliament to learn more about the proposed changes to Employment and Support Allowance (ESA) Work Related Activity Group (WRAG) and the Limited Capability for Work Element (LCWE) of Universal Credit as set out in the Welfare Reform and Work Bill.

Macmillan does not agree the changes will help to achieve the Government's ambition of supporting people to return to work. They do not recognise or address the reasons why people on ESA WRAG or the LCWE of Universal Credit are off work – which are primarily about health. Instead the changes will have a significant, detrimental impact on people affected by cancer, other long-term health conditions, and disabilities.

ESA Work Related Activity Group (WRAG) and Limited Capability for Work Element (LCWE) of Universal Credit

- ESA is designed to support people who have been independently medically assessed through the Work Capability Assessment (WCA) as having limited capability for work. There are two elements to ESA – the Support Group and the Work Related Activity Group (WRAG).
- Claimants in the Support Group are identified as having the most severe functional impairment or risk to their health and their condition means they have limited capability both for work and for work-related activity. Claimants in the WRAG are identified as having limited capability for work, but are able to take part in some work-related activity. This is defined as activity that makes it more likely to get a job in the future, when they are well enough.
- Many people with cancer undergoing most types of chemotherapy and radiotherapy are placed in the Support Group. However, following treatment, **thousands of people affected by cancer who are experiencing long-term side effects as a result of their cancer, or with other co-morbidities, are placed in the WRAG.**
- Research shows people with long-term conditions and disabilities face significant extra costs. Four out of every five people with cancer are, on average, £570 a month worse off because of their diagnosis. The extra money individuals in the WRAG receive is provided as recognition of these extra costs and the fact that they are likely to be unemployed for a longer period of time than those receiving Jobseeker's Allowance (JSA).
- As of November 2014, there were 2.3 million people claiming Employment and Support Allowance, with 1,179,520 in the Support Group and 492,180 in the WRAG.

The Welfare Reform and Work Bill

- The Welfare Reform and Work Bill as introduced into the House of Commons sets out proposals that new claimants who are placed in the WRAG or LCWE of Universal Credit after April 2017 will receive the same rate as those claiming Jobseeker's Allowance - representing a reduction from £102.05 a week to £73.10.
- The House of Lords voted to remove the clauses containing these proposals (Clauses 13 and 14) from the Bill at Report Stage on 27 January.

How MPs can help

The Bill will return to the House of Commons on Tuesday 23 February and Macmillan is calling for MPs to support the House of Lords decision to remove Clauses 13 and 14 from the Bill by:

- Voting to uphold the Lords' amendments when the Bill returns to the Commons.
- Writing to the Minister for Employment in advance of the debate to raise concerns about the proposals – we are happy to support with draft wording for a letter.

Why is Macmillan concerned about the proposals to reduce the amount paid to those in the WRAG and LCWE of Universal Credit?

1. People living with cancer will be negatively impacted by the proposed changes

- The LCWE of Universal Credit and ESA WRAG are income replacement benefits intended to support people who have been medically assessed as having limited capability for work.
- Whilst many cancer patients undergoing chemotherapy and radiotherapy are placed in the Support Group – a welcome protection – thousands of others will go into the WRAG or LCWE of Universal Credit at some point.
- [Research](#) conducted by Macmillan regarding the impact of the proposed cut found that people with cancer could be at risk of losing their homes if it went ahead.¹ More than one in three people who currently receive Employment and Support Allowance (36%) say they would be unable or would struggle to pay their rent or mortgage if the benefit was cut by £30 a week.²
- Whilst the cut applies to new claimants from 2017, the research highlights that thousands of people with cancer in the future would struggle to cope financially if the cut goes ahead. This also suggests that the predicted savings from the cut could be undermined as costs rise in other parts of the system - for example in supporting people with cancer who are at risk of homelessness as a result.
- **Macmillan believes that it is unacceptable that thousands of cancer patients in the future will miss out on vital financial support, whilst facing pressure to return to work.**

2. There is no evidence that reducing benefits will get people back to sustainable work

- Macmillan does not believe that the proposed cuts to the LCW element of Universal Credit and ESA WRAG will help to achieve the Government's ambition of supporting people to return to work, because they do not recognise or address the reasons why people on ESA WRAG are out of work.
- Independent evidence³ shows that cutting benefit levels for those who are unable to work due to illness (as people in the WRAG are) does not result in more people returning to work. This is because the barriers people face in seeking or returning to employment - such as their health, availability of jobs, or poor skills - are not addressed by a cut to the financial support provided.
- **If the Government wishes to move people off the benefit and into work they need to focus on promoting and supporting claimants in these areas, rather than cutting the benefit level.**

3. The change could instead move people further from work and increase costs in other parts of the system

- There is a proven correlation between financial deprivation and poorer health outcomes.⁴ By creating additional financial pressure on people who are ill, the reduction in financial support could make their health worse, moving them further from the workplace and meaning they require welfare support for longer.
- For others, financial pressures may force them to seek employment before they are mentally and physically ready, having a further negative effect on an individual's health and wellbeing and compromising their ability to return to sustainable work.
- Even on the current rate of benefit, Macmillan has been contacted for support by people (see case study below) who have returned to work before they were ready, precipitating such a serious decline in their health that they have ended up in the Support Group.
- This ultimately costs more than if an individual had been given time to recover whilst in the WRAG and supported to return to work when they were ready.
- There is therefore a significant risk that the cut will create additional costs in other parts of the system because of the detrimental impact on people's physical and mental health.

¹ Macmillan Cancer Support/Truth Consulting online survey of 955 adults in England, Scotland and Wales who have a cancer diagnosis. Fieldwork was undertaken between 3 - 21 September 2015. Data has been weighted.

² Source as in reference 1. The study found that of those currently in receipt of Employment and Support Allowance or Incapacity Benefit, 36% felt they would struggle or be unable to pay their mortgage or rent to a significant or large extent if their income was cut by £30/week.

³ Beatty, C., and Fothergill, S., (2011) *Incapacity Benefit Reform: The local, regional and national impact*, <https://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/incapacity-benefit-reform.pdf>

⁴ Macmillan Cancer Support and the National Cancer Intelligence Network (NCIN), (2013), Available [here](#)

Case Study

David⁵ was supported by Macmillan's Benefits Advice service. Having worked for 40 years, he had to stop work when he was diagnosed with cancer. He underwent successful surgery followed by chemoradiation therapy. Unfortunately, it left him with severe fatigue, as he was unable to eat food for many months. He also had physical disabilities as a result of the treatment. Even on the current rate of ESA WRAG, he struggled financially- particularly with the costs of a special diet and travel to attend the work-related activity he was required to undertake. He became reliant on credit cards to make ends meet and felt pressured to return to work because of his finances. However, on returning to work, his health quickly deteriorated and it was no longer safe for him to be at work so he had to stop. **He returned to claiming ESA and because of the deterioration in his health, he was placed into the Support Group.**

4. Investment in employment support will be undermined if financial support for individuals is reduced

- Improving employment support at the expense of adequate financial support for individuals is unlikely to achieve the Government's ambition of supporting more people into work. This is because, as outlined above, not having enough money to live off has a detrimental effect on people's health. Even the best employment support will fail if people are simply too ill to work, as people in the WRAG are.
- In addition, the Government's own impact assessment accompanying the Bill suggests that only a proportion of savings the Government expects to make from the cut are being pledged to improve employment support.

	2017/18	2018/19	2019/20	2020/21
Government estimated Exchequer Savings in cash terms for reducing the WRAG and LCW to £0⁶	£55m	£225m	£445m	£640m
New funding for practical support for ESA and Universal Credit claimants to make the move towards and into work⁷	£60m	Exact figures not yet given – funding will rise to £100m over these years		£100m

How MPs can help

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- Writing to the Minister for Employment in advance of the debate to raise concerns about the proposals – we are happy to support with draft wording for a letter.

For further information or for constituency level statistics please contact Grace Brownfield on gbrownfield@macmillan.org.uk, or 0207 091 2072.

⁵ Name has been changed

⁶ Welfare Reform and Work Bill: Impact Assessment to remove the ESA Work-Related Activity Component and the UC Limited Capability for Work Element for new claims

⁷ Ibid