

Macmillan Cancer Support Briefing Welfare Reform and Work Bill

Clauses 13 and 14: Removing the work-related activity component of ESA and the limited capability for work element in Universal Credit

Overview

Macmillan is significantly concerned about proposals, contained within Clauses 13 and 14 of the Welfare Reform and Work Bill, to reduce the amount of money people on ESA WRAG or the Limited Capability for Work element of Universal Credit receive. Macmillan does not believe the reductions will help to achieve the Government's ambition to close the disability employment gap. Instead, it is likely to have a significant detrimental impact on people affected by cancer and other long-term conditions. This is because:

- People receiving ESA WRAG and the limited capability for work element of Universal Credit have been **independently, medically assessed as being too ill to work**. To receive ESA WRAG, an individual has to undergo the Work Capability Assessment, and be assessed by an independent professional as being unfit for work.
- Department for Work and Pensions research shows people on ESA WRAG already think they would be better off financially if they worked, but that doing so would not be beneficial for their health.¹ This means that the barriers to entering employment are more likely to be health-related than due to a lack of financial incentive to seek employment.
- Instead, reducing the money individuals on ESA WRAG and the limited capability for work element of Universal Credit receive will make it harder for them to cope with the financial impact of their condition, and to afford what they need to support their recovery. This will also place additional pressure on people when they should be focusing on their health and recovery. In doing so, the change could actually **move people further from the labour market**, because of the detrimental impact on their health.
- The Government must gather more evidence about whether the change could force people to return to work or seek employment before they are mentally and physically fit enough. This is likely to have a negative impact on people's health and could therefore mean any return to work is **compromised and unsustainable**, leading to people requiring welfare support for longer.
- **Macmillan is therefore calling on the Government to urgently reconsider the proposed changes and remove Clauses 13 and 14 from the Bill.**

Currently, claimants of Employment and Support Allowance (ESA) receive an 'assessment rate' of £73.10 for 13 weeks whilst they are assessed to see if they will go into the Work Related Activity Group (WRAG) or the Support Group. Once this decision is made, they receive an additional component of either £29.05 (WRAG) or £36.20 (Support Group).

Clause 13 would remove the work-related activity component, the additional amount currently paid to those in the ESA WRAG, for new claimants from 2017. This means people on ESA WRAG would receive the same amount as those on Jobseeker's Allowance (JSA). In current payment terms, that would represent a reduction of approximately 30% (from 102.15 a week to £73.10).

Clause 14 would reflect this change in Universal Credit, by removing the limited capability for work element currently paid.

How MPs can help

1. **Write to the Minister for Employment regarding the proposed changes in Clauses 13 and 14.** As ever, we are happy to provide suggested wording for this.
2. **Contact us for constituency data and further briefing material.** We are able to provide data on the number of people claiming ESA WRAG in your constituency.
3. **Table Parliamentary Questions.** We would be happy to assist with drafting these.

¹ ¹A survey of disabled working age benefit claimants, July 2013, DWP
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224543/ihr_16_v2.pdf

1. Who receives ESA and how will the proposals impact them?

ESA is designed to support people who have been medically assessed 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 therefore judged to 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 their health has improved, but there is no requirement to apply for jobs**, as is the case for Jobseeker's Allowance (JSA) claimants.

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.

As the number of people surviving cancer grows, more people will be living with long-term side effects as a result of their cancer and its treatment. For example, one in four of the 2 million people living with or beyond cancer in England today face disability or poor health following their treatment². As many of these people could be placed in the WRAG at some point during their cancer journey, the proposed changes to ESA WRAG and the limited capability for work element of Universal Credit from 2017 could have a significant impact on a large number of people living with cancer, and other long-term conditions.

2. Effect of the changes on supporting people back to work

The distinction between being out of work and being unwell

Macmillan is concerned that the Government's proposals fail to recognise the clear distinction between those on JSA (who are available, seeking and able to engage in work) and those on ESA WRAG (who have been independently medically assessed as being too ill to work).

The Government has stated that removing the additional element paid to people on ESA WRAG will provide an incentive for them to return to work. However, the Department for Work and Pensions' own research shows that people on WRAG already identify that working would make them better off financially but that health reasons prevent them from doing so: **68% of WRAG respondents to the Department for Work and Pensions' research agreed that having a job would make them better off financially, but only 25% agreed that having a job would be beneficial for their health.**³

This suggests that the barriers to entering employment are more likely to be health-related than due to a lack of financial incentive to seek employment. Reducing an individual's financial support does not tackle these barriers and could indeed make them worse. A 2011 study by researchers at Sheffield Hallam University **found that reform to the incapacity benefits system following the Welfare Reform Act 2007 and other welfare changes made in the early part of the last Parliament were not likely to have any significant impact on the number of people moving into employment.** This is because people face a number of barriers in seeking or returning to employment – such as their health, availability of jobs, or poor skills – which are not addressed by a change in the level of financial support provided.⁴ The report recommended that, to increase employment, those barriers should be tackled but crucially 'the pace of benefit reforms' should be slowed.

Macmillan therefore does not believe that the proposal will help to achieve the Government's ambition of closing the disability employment gap.

² Macmillan Cancer Support (2013) *Cured, but at what cost?*

³ A survey of disabled working age benefit claimants, July 2013, DWP
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224543/ihr_16_v2.pdf

⁴ 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>

Financial impact

ESA WRAG is an income replacement benefit, intended to support people to meet daily living costs whilst they are unable to work due to illness. These costs are often significantly higher for people with long-term conditions, such as cancer, and disabilities.⁵ It would therefore not be reasonable to expect someone facing the additional costs of a disability or long-term condition, such as cancer, to live off the JSA rate for a long period of time.

Macmillan welcomed the exemption of Personal Independence Payment (PIP) and Disability Living Allowance (DLA) from the freeze on working age benefits. However, as PIP/DLA is a benefit intended specifically for costs related to mobility or care needs (reflected in the eligibility criteria and assessment process) many of the everyday costs such as higher heating costs, certain travel costs, food and housing, would not be covered by a PIP/DLA payment. In addition, not all those who are in ESA WRAG will be receiving PIP/DLA – for example, if their mobility or care needs are not sufficient to meet the threshold, but are still too ill to be required to work. **Research conducted by the Department for Work and Pensions in 2013 found that 50% of ESA WRAG claimants surveyed were not receiving PIP or DLA.**⁶

Impact on physical and mental health

People with cancer, and other long-term conditions, are already struggling to cope with the financial impact of their condition. This has a detrimental impact on their health and wellbeing, with 41% of people with cancer saying they felt more stressed as a result of the financial impact that accompanied their cancer.⁷ Facing financial pressures can also make it harder for people to afford the items they need to support their recovery, such as heating, (as people with or recovering from cancer, may spend more time at home and feel the cold more because of their cancer), travel and food costs. For example, over a quarter (28%) of people with cancer said they couldn't keep their home adequately warm in the winter because of the cost.⁸

We are concerned that reducing the amount of money those in the WRAG or on the limited capability for work element of Universal Credit receive will result in more people facing financial difficulties, and experiencing negative consequences for their health and wellbeing.

Unsustainable return to work

There is therefore significant concern that the change, rather than supporting people to move closer to work, **could move people further away from the labour market, because of the detrimental impact on people's health.** Financial pressures can cause stress and make it harder for individuals to afford things they need to support their recovery and move closer to being able to work. In addition, the change could force people to return to work before they are mentally and physically fit enough, because of financial pressures. Returning to work too soon could have a negative effect on an individual's health and wellbeing, compromising their ability to return to sustainable work. This may mean people require **longer term welfare support.**

Whilst we acknowledge the Government's commitment to provide extra investment in employment support for those on ESA, it is crucial that this is provided in addition to, rather than instead of, the additional money currently paid to those in the WRAG. It is also important to acknowledge that some people, because of the nature of their cancer, treatment or employment, may never be physically or mentally fit to return to work.

For further information, constituency data or briefing material, please contact Grace Brownfield: gbrownfield@macmillan.org.uk 020 7091 2072

⁵ Scope (2014) *Priced Out: ending the financial penalty of disability by 2020*

⁶ A survey of disabled working age benefit claimants, July 2013, DWP

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224543/ihr_16_v2.pdf

⁷ Macmillan Cancer Support (2012), *Counting the Cost of Cancer*

⁸ Macmillan Cancer Support (2013) *Cancer's Hidden Price Tag*