

## WELFARE REFORM COMMITTEE

### WOMEN AND WELFARE INQUIRY

#### WRITTEN SUBMISSION RECEIVED FROM CITIZENS ADVICE SCOTLAND

Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer service, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.

We are champions for both citizens and consumers and in 2013/14 the Citizens Advice Service in Scotland helped over **330,000 clients** in Scotland and dealt with **over one million issues** overall. In addition, the Scottish zone of our self-help website Adviceguide received approximately **4.2 million** unique page views. In 2013/14, our citizens advice bureaux recorded a financial gain for clients of over **£125 million**.

#### Introduction

In 2013/14, Scottish Citizens Advice Bureaux (CAB) dealt with over 324,000 benefits and tax credits issues – 36.6% of all CAB advice. In the nine months of April to December 2014, we dealt with a total of 248,000 issues – accounting for 37.2% of all CAB advice. CAB are the leading providers of advice in this area and we provide our service in 30 out of 32 local authority areas reaching 94% of the population. This frontline experience means that we are able to offer valuable insight about the impact of welfare reform.

#### Summary

- Women are more likely to seek advice on the following benefit issues than men at a citizens advice bureau: Housing Benefit, Working Tax Credits, Child Tax Credits, Child Benefit and Income Support. Reforms to these benefits, along with errors and delays in their administration, are having a disproportionate impact on women.
- The top three benefits issues that both women and men seek advice on are Employment and Support Allowance, Housing Benefit and Personal Independence Payment. Welfare reforms in this area are therefore likely to have a significant impact on women as well as men.
- Planned future reforms, such as the switch to a single household payment under Universal Credit, could particularly disadvantage women.

#### Benefits issues for female CAB clients – an analysis

Citizens Advice Scotland has recently undertaken a comprehensive analysis of the client profile of people who visited citizens advice bureaux over a one month period (November 2014). From this it is possible to analyse the demographic breakdown of clients who came in for advice about a particular issue.

Overall, the majority of CAB clients, as well as those with a benefits issue were women (54% for each). Female clients compared to male clients tend to be slightly younger, and are less likely to be single/never married. They are more likely to be caring for children and more likely to be a single parent. They are also more likely to be working part time and less likely to be disabled. This profile is similar for female clients seeking advice on benefits, tax credits and national insurance issues with the key exception being that they are less likely to be employed.

The top ten benefits issues for female CAB clients are shown in Table 1 below. The top three issues appear in the same order for both women and men, but there are some issues that a considerably higher number of women than men seek advice on (shaded in grey).

**Table 1 – Top ten benefits issues for female CAB clients seeking advice on benefits issue (November 2014)**

<b>Rank (women)</b>	<b>Issue</b>	<b>No. women seeking advice</b>	<b>% women seeking advice on benefits issue</b>	<b>Rank (men)</b>	<b>% men seeking advice on benefits issue</b>
1	Employment and Support Allowance	912	23%	1	34%
2	Housing Benefit	838	21%	2	16%
3	PIP (Daily living)	537	14%	3	15%
4	Working Tax Credits	508	13%	6	8%
5	Child Tax Credits	494	12%	8	5%
6	PIP (Mobility)	443	11%	5	12%
7	Jobseekers Allowance	381	10%	4	14%
8	DLA – Care Component	238	6%	11	5%
9	Child Benefit/guardians benefit	202	5%	15	2%
10	Income Support	195	5%	16	2%

The five issues highlighted above (Housing Benefit, Working Tax Credits, Child Tax Credits, Child Benefit and Income Support) were far more likely to be an issue that women sought advice on compared with men. This is further illustrated in Table 2 below.

**Table 2 – Gender split of selected issues for CAB clients (November 2014)**

Issue	Female	Male	No. with issue (both genders)
All issues	<b>54%</b>	46%	25,358
Benefits, Tax Credits and National Insurance	<b>54%</b>	46%	10,624
PIP (Daily living)	<b>52%</b>	48%	1,458
PIP (Mobility)	<b>53%</b>	47%	1,187
Scottish Welfare Fund	47%	<b>53%</b>	244
ESA Work Capability Assessment	42%	<b>58%</b>	426
Sanctions	37%	<b>63%</b>	269
Food bank	37%	<b>63%</b>	589
Housing Benefit	<b>61%</b>	39%	2,216
Child Tax Credits	<b>75%</b>	25%	997
Working Tax Credits	<b>65%</b>	35%	776
Child Benefit	<b>73%</b>	27%	275
Income Support	<b>74%</b>	26%	265

Overall, this indicates that welfare reforms affecting these five issues are likely to have a particularly pronounced gender impact.

Changes related to Employment and Support Allowance (ESA) and Personal Independence Payment (PIP) are also likely to have a significant impact on women given the volume of clients seeking advice on them from their local CAB, though the difference is likely to affect women and men equally.

### **Tax Credits**

In April 2012, the eligibility rules for Working Tax Credit and Child Tax Credit changed which negatively impacted on 85,000 Scottish families. Up to that date, families were eligible for Child Tax Credits if their income was below £41,300. This changed to £32,000 for families with two children and £26,000 for lone parents. Families were also able to claim Working Tax Credit if they were responsible for at least one child and worked at least 16 hours per week, but this was increased to 24 hours per week (with one parent having to work at least 16 hours). These changes mean that 73,300 families in Scotland will have lost Child Tax Credits worth around £545 per year and a further 11,370 families will have lost Working Tax Credits worth up to £3,870 per year.<sup>1</sup>

By April 2015, the number of in work families in Scotland receiving in work tax credit support had reduced by 105,500 compared to three years previously (a reduction of 30% in the number of families).<sup>2</sup> As a result of these changes, and others to come, the contribution of state support to family incomes has declined and will decline

<sup>1</sup> Welfare changes: Voices from the frontline – Citizens Advice Scotland, May 2012 - <http://www.cas.org.uk/publications/voices-frontline-welfare-changes>

<sup>2</sup> There were 250,300 in-work families in receipt of tax credits in Scotland in April 2015, compared with 355,800 in April 2012. Personal tax credits: provisional statistics: 2015 to 2009, HM Revenue & Customs - <https://www.gov.uk/government/statistics/personal-tax-credits-provisional-statistics-2013-to-2009>

further. Consequently, low to middle income families are increasingly vulnerable to income shocks and unexpectedly large bills. Citizens advice bureaux have advised clients who have lost their entitlement to tax credits and subsequently fallen into financial difficulties.

The increase in hours from 16 to 24 for Working Tax Credit eligibility has created a 'hole' in the benefits system for working parents, as those working more than 16 hours per week are ineligible for income-based Jobseeker's Allowance (JSA). In some cases, this creates a disincentive for working parents to increase their hours.

- Citizens Advice Direct reports of a caller who had been offered a new job with a higher hourly rate and more hours than she currently gets. However, as it would be 14 or 15 hours per week she would actually be financially worse off taking the job, as she would lose entitlement to Working Tax Credit and Carers Allowance.
- A North of Scotland CAB reports of a client who had been told by HMRC that her working hours over the last year were not enough to average 16 hours and so she does not qualify for Working Tax Credit or childcare support. The client is facing poverty in part-time work due to sickness and an inability to work during the school holidays due to childcare difficulties.

There has been an increase in the number of new tax credit issues dealt with by bureaux: from October to December 2014, bureaux dealt with 2,720 new Working Tax Credit issues, and 2,519 new Child Tax Credit issues, both representing a 12 per cent increase from the equivalent period in 2013. As the total number of Tax Credit claimants in Scotland fell during that period, it indicates a rapidly-rising demand for advice in this area.

In addition to the impact of changes to the eligibility criteria for tax credits, bureaux have also seen many clients negatively affected by administrative delays and errors. Key issues include:

- the length of time it can take to get through to HMRC on the telephone to make a claim for tax credits or resolve any issues
- delays in payments or payments stopping suddenly without prior notice or explanation
- clients experiencing distress as a result of letters sent by Concentrix, the company which, from November 2014, began carrying out compliance checks on behalf of HMRC.

As discussed above, women are more likely to seek advice on issues related to tax credits than men. This suggests that these administrative delays and errors associated with tax credits are likely to have a disproportionate impact on women. The following cases illustrate how this can lead to significant hardship for women and their families.

- An East of Scotland CAB reports of a client who was told by HMRC that her tax credits had been stopped because of a change in circumstances. HMRC were due to review her claim by a certain date and inform her of her next

payment. They failed to do so and the client came to the bureau to request a food parcel for herself and two young children.

- An East of Scotland CAB reports of a client who wanted to apply for Working Tax Credit but who was unable to get through on the telephone. She had spent more than £15 trying to get through to HMRC with no success.

## **Child Benefit**

Child Benefit is paid to the main carer of children up to the age of 16 (or up to the age of 20 in approved education or training). Until the introduction of recent reforms, it was a universal benefit. However, from January 2013 households where at least one person earns more than £50,000 have their Child Benefit effectively tapered. Those households where one person earns more than £60,000 lose their entitlement. Furthermore, Child Benefit was frozen from April 2011 to 2014 and subsequently uprated by only 1%. As women are usually the main carer, these changes have had a disproportionate impact on women.

As with tax credits, evidence from bureaux shows that clients are negatively affected by administrative delays and errors in relation to Child Benefit. For example, bureaux have reported that clients' Child Benefit is stopped without explanation but advisers are unable to get through to HMRC as the lines are too busy.

- An East of Scotland CAB reports of a client with a 6-week-old baby who had to wait 12 weeks for her Child Benefit claim to be processed. As a result, she was turned down for a maternity grant because she was not in receipt of appropriate benefits.

## **Income Support**

Women are the majority of those dependent on Income Support: 90 per cent of lone parents are women and women make up 95 per cent of lone parents dependent in Income Support.<sup>3</sup>

From May 2012, lone parents with a youngest child aged 5 or 6 were required to move to JSA. Previously, this requirement only applied to lone parents with a youngest child aged 7 or over. This earlier transition from Income Support to JSA will likely put more pressure on many women, particularly in light of the stricter conditionality requirements and sanctions regime for JSA.

- A West of Scotland CAB reports of a client who had applied three times for Income Support, but when she tried to contact the DWP she was told her application was not in the system so they could not help her. The bureau had to issue a food voucher as the client had no money to live on.
- A West of Scotland CAB reports of a client, a single mother with a new-born baby, who came in seeking advice as her Income Support was not paid when

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<sup>3</sup> Multiple jeopardy? The impact of the UK Government's proposed welfare reforms on women in Scotland – Engender, January 2012 – <http://www.engender.org.uk/content/publications/Multiple-Jeopardy-Briefing-paper.pdf>

it should have been. On contacting Job Centre Plus, the bureau adviser was told that the client was required to attend a compliance interview. The client attended that interview believing it was a routine interview to check she was claiming the correct benefits. However, the interview focused on her baby's father and she was told that it was not acceptable for him to visit the house to see the child. It was implied that she would be under covert monitoring and she could end up in court. The client felt so intimidated that she signed a statement to say that the baby's father was moving into her home, even though she had no intention of allowing him to do this.

## Housing Benefit

As our statistical analysis reveals, the number of women who seek advice on a Housing Benefit issue at Scottish citizens advice bureaux is notably higher than the equivalent proportion of men. This underscores the importance of continued funding from the Scottish Government to mitigate the 'Bedroom Tax'.

- A South of Scotland CAB reports of a client who is disabled and has had her house specially adapted. She and her husband are not currently claiming Housing Benefit but may have to when he retires. If claiming Housing Benefit they will be regarded as under-occupying their accommodation, and were worried about how much extra it would cost to adapt another, smaller, home and move, assuming such a property was available.

Other changes to Housing Benefit have an impact on female CAB clients. The amount deducted for non-dependents (e.g. for adult children living with a parent) almost doubled between 2010 and 2013<sup>4</sup>, which has left some female clients in hardship.

- An East of Scotland CAB reports of a client who has high rent arrears. She thought that she was in receipt of Housing Benefit, but has discovered that this stopped as she has working non-dependants living with her. The client has an arrangement in place to pay the arrears and wanted to apply for Discretionary Housing Payment, but was advised she cannot do this if she is not in receipt of Housing Benefit.

From April 2014, migrants from the European Economic Area (EEA) classed as new jobseekers can no longer claim Housing Benefit<sup>5</sup>. This change has placed some female clients in a difficult position.

- An East of Scotland CAB reports of a Polish client whose relationship has broken down and needs to move, along with her three children. She has been made an offer of social housing, but it is almost an hour's drive from her work, so she would need to give up her job if she took the offer. However, this would then mean that she would not be entitled to Housing Benefit, which the client would not be able to afford.

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<sup>4</sup> What are non-dependent deductions? – Crisis <http://www.crisis.org.uk/pages/what-are-non-dependant-deductions.html>

<sup>5</sup> New rules to stop migrants claiming Housing Benefit – Department for Work and Pensions, January 2014 <https://www.gov.uk/government/news/new-rules-to-stop-migrants-claiming-housing-benefit>

Further reforms to Housing Benefit, as have been proposed by some parties may also have a disproportionate impact on women, given that they come to their local CAB for advice on Housing Benefit issues more frequently than men.

### **Changes to ill-health and disability benefits**

The replacement of Incapacity Benefit with Employment and Support Allowance (ESA)<sup>6</sup> and the reform of Disability Living Allowance are two of the biggest changes to benefits.

An estimated 115,000 claimants in Scotland lost entitlements to Incapacity Benefit between 2011 and 2014, with more than half (65,000) moving out of the benefits system altogether. As people are moved off Incapacity Benefit, many are assessed as being able to undertake employment or preparation to return to work.

Despite a recent fall in the number of new issues, ESA remains the most common advice area that clients seek advice on for both women and men, with 38,619 new issues related to this in 2013/14. The fall in numbers is mainly related to a drop in the number of appeal issues, which is likely to be due to the introduction of mandatory reconsideration and also a backlog in the number of assessments.

Particular issues seen by bureaux in relation to ESA include delays in arranging a Work Capability Assessment, delays in the mandatory reconsideration process, a worrying number of ESA claimants receiving sanctions, and problems with medical evidence including lost forms.

We are concerned that new guidance to decide if claimants with mental health issues can get ESA because of a risk of harm to themselves or someone else will discriminate against women. Under the regulation 35(2) of the Employment and Support Allowance Regulations 2008, a claimant can be treated as having limited capability for work-related activity (and therefore placed in the support group) if, by reason of a disease or bodily or mental disablement, there would be a substantial risk to the mental or physical health of any person if the claimant were found not to have limited capability for work-related activity. Updated guidance from the DWP for health professionals carrying out Work Capability Assessments provides that, when assessing substantial risk, men and women should be treated differently: female claimants will have to show an additional risk factor to be treated as having limited capability for work. We are concerned that this will make it more difficult for women to be placed in the support group for ESA.

Personal Independence Payment (PIP) is the UK Government's new disability benefit, which will eventually replace Disability Living Allowance (DLA) for people aged 16-64.<sup>7</sup> PIP, like its predecessor DLA, aims to help with the extra costs of being sick or having a disability, such as additional heating, additional travel costs, special diets or specialist equipment. It is being rolled out across the UK in stages, with full roll-out not expected to be complete until 2018.

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<sup>6</sup> ESA has more stringent medical tests, greater conditionality and a 12-month time limit of non-means tested entitlement for all but the most severely ill or disabled.

<sup>7</sup> There are no plans to replace DLA for children under 16 or for people aged 65 and over on 8 April 2013.

The Scottish Government has estimated that over 100,000 existing DLA claimants in Scotland will lose some or all of their benefit by 2018, with a loss of at least £1,120 per year.<sup>8</sup>

DWP data shows that over half of DLA claimants in Scotland are women. The same is the case for PIP – in January 2015, 54.5% of PIP claims in payment in Scotland were to women.

CAS has called for a halt to the roll-out of PIP to existing DLA claimants, ahead of the proposed devolution of powers over disability benefits to the Scottish Parliament. The call is based on bureau evidence showing that new claimants are finding the change extremely problematic, with delays and uncertainty leaving them without income for long periods and making their health conditions worse.<sup>9</sup>

### **Conditionality and sanctions**

Since 2012, more stringent requirements have been placed on JSA and ESA claimants and the penalties associated with sanctions have become more severe. Over recent years, there has been a huge increase in the number of sanctions applied. Between the end of 2012, and September 2014, nearly 150,000 sanctions were applied in Scotland, affecting over 85,000 individuals. In 2013/14, bureaux in Scotland dealt with nearly 4,000 new sanctions issues.

It is clear from bureau evidence that the current system of benefit sanctions is nowhere near fit for purpose. Sanctions are often being applied unfairly and without warning or explanation, leaving people with little or no money for long periods. This causes severe hardship for many claimants and can have an adverse impact on their health and wellbeing.

Although women are less likely to seek advice from bureau than men in relation to sanctions, data shows that the proportion of women receiving sanctions has increased over recent years.<sup>10</sup>

Under Universal Credit, the sanctions regime will become even more stringent. Claimants will have greater conditions to meet as part of their Claimant Commitment, multiple sanctions will run consecutively rather than concurrently, and they will have to repay any payments they receive if they are in hardship.

### **Destitution and food bank referrals**

We are increasingly seeing clients in crisis, with no money to support themselves or their families. According to the Trussell Trust, 29.7% of food bank referrals in 2014-15 were due to benefit delays, and 13.8% due to benefit changes (including sanctions). We are also seeing many clients dependent on food banks and charity support because of sanctions. In the first half of 2014 CAB dealt with one food bank

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<sup>8</sup> Financial Impacts of Welfare Reform on Disabled People in Scotland – Scottish Government, August 2014 <http://www.gov.scot/Resource/0045/00457564.pdf>

<sup>9</sup> Voices from the Frontline: Halt the roll out of PIP in Scotland - Citizens Advice Scotland, March 2015 <http://www.cas.org.uk/publications/voices-frontline-halt-roll-out-pip-scotland>

<sup>10</sup> JSA sanctions in Scotland – Scottish Government, November 2014 <http://www.gov.scot/Resource/0046/00462782.pdf>

issue for every 42 clients they saw. Food banks are not a long term solution, and some food banks only offer a maximum of three parcels.

## Universal Credit

Most of the benefits referred to above (Working Tax Credit, Child Tax Credit, Income Support, Housing Benefit, ESA and JSA) will be incorporated into Universal Credit when it is fully rolled out in Scotland. Until April 2016, only single jobseekers with 'non-complex' claims will be started on Universal Credit<sup>11</sup>, but when it is expanded to include couples and families with children as well as more vulnerable claimants with chaotic lifestyles its impact may even more pronounced, and some gender impacts may be seen.

Citizens Advice Scotland supports the principle of Universal Credit, but has concerns about a number of the proposed reforms, such as the housing element being paid to claimants rather than directly to social landlords, the ongoing impact of the bedroom tax, proposals to sanction claimants for turning down an offer of a zero hours contract, and the frequency of payments increased to four weeks. It is perhaps notable that the majority of women who claim Child Tax Credit, particularly lone parents opt for a weekly rather than a monthly payment, given the option.<sup>12</sup>

The switch to a single household payment under Universal Credit has also caused particular concern that women may lose out. Concerns have included a loss of independent income for women; money paid to men being less likely to be spent on children; concerns about a return to a 'male breadwinner' model; and concerns for victims of domestic abuse whose Universal Credit is paid to their partner.<sup>13</sup>

It is proposed to eventually roll out conditionality requirements to in-work Universal Credit claimants on a low income<sup>14</sup> which will require claimants to increase their working hours, find additional work, or a new job with a higher wage. In-work claimants may face a sanction if they are unable to comply. Given that 42% of women employed in Scotland work part-time (compared with 11% of men), and are on average paid less per hour<sup>15</sup>, it would appear that this will affect women more than men.

When Universal Credit is fully rolled out, the UK Government proposes that claimants will be able to receive 85% support with their childcare costs provided they earn above the personal tax threshold. However, those earning less than this (currently £10,600 per year) would only be eligible for 70% support for childcare costs. As research by our colleagues at Citizens Advice (England and Wales) shows a number of groups would miss out on support as a result of this 'two tier' system, including lone parents who want to return to work after maternity leave; households

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<sup>11</sup> With the exception of the Inverness Jobcentre Plus area where claims are being taken from families

<sup>12</sup> Child and Working Tax Credits Statistics – HMRC, April 2015

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/423621/ChildandWorkingTaxCreditsStatistics-April\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/423621/ChildandWorkingTaxCreditsStatistics-April_2015.pdf)

<sup>13</sup> The Gender Impact of Welfare Reform – Scottish Government Communities Analytical Services, August 2013 <http://www.gov.scot/resource/0043/00432337.pdf>

<sup>14</sup> Income below the equivalent of 35 hours per week at the National Minimum Wage

<sup>15</sup> Statistics – Close the Gap <http://www.closesthegap.org.uk/content/gap-statistics/>

with high childcare costs with variable hours of work and lone parents with more than two children of school age. It also makes claimants vulnerable to sudden and dramatic income loss if the Personal Tax Allowance rises.<sup>16</sup>

CAS would echo Citizens Advice's recommendation that 85% support for childcare costs should be extended to all Universal Credit claimants, or if no further funding is available then all claimants should be able to access the same level of support rather than a two-tier system being created.

## **Devolution**

CAS welcomed the Smith Commission report, and much of the subsequent UK Government's Command Paper '*Scotland in the United Kingdom: An enduring settlement*'. Although CAS would have preferred to see the devolution of all benefits (outside the state pension), we look forward to working with all those involved in the transfer of powers to the Scottish Parliament to deliver a more responsive and fair social security system for Scotland.

We strongly welcome the devolution of powers over disability benefits to Scotland. Since its introduction, new claimants have experienced significant problems in claiming PIP, particularly as a result of delays in the assessment and decision process, and they have turned to their local bureau for advice and support. The majority of the 190,000 existing DLA claimants in Scotland are yet to be migrated to PIP, with this process expected to begin in October 2015.

As mentioned above, CAS has called for a halt to the roll-out of PIP in Scotland to ensure that people are not put through the distress and uncertainty of two benefit upheavals in a short period of time. We also believe that continuing with the roll-out as planned would limit the flexibility of the Scottish Parliament in the future to deliver its own system of disability benefits. This is particularly so given the UK Government's intention of reducing current spend by 20 per cent. It is crucial that the Scottish Parliament is able to put in place a system that is equal, fair and responsive to the needs of disabled people in Scotland.

CAS has also welcomed the devolution of powers over employment support programmes. However, we remain concerned about how this structure will sit alongside the current discredited sanctions regime, which will remain reserved to the UK Government and administered by the DWP. We believe that more flexibility needs to be given to providers of employment support in referring people for sanctions.

The Smith Commission agreement proposes the devolution of certain administrative controls over Universal Credit. Whilst limited, there is scope for some policy innovation with these powers. CAS recommends that, at the very least, exemptions to the underoccupancy charge within the housing element are made, to ensure that disabled people whose homes have been specially adapted to meet their needs,

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<sup>16</sup> Support for childcare costs in Universal Credit – Citizens Advice (England and Wales), November 2013

[http://www.citizensadvice.org.uk/index/policy/policy\\_publications/er\\_benefitsandtaxcredits/support\\_for\\_childcare\\_costs\\_in\\_universal\\_credit.htm](http://www.citizensadvice.org.uk/index/policy/policy_publications/er_benefitsandtaxcredits/support_for_childcare_costs_in_universal_credit.htm)

who cannot spare a bedroom or who require an additional room for medical treatment or equipment do not have to pay the unfair Bedroom Tax – if the discredited policy is to remain at all.

Early evidence from citizens advice bureaux and social landlords in Inverness has shown a significant increase in rent arrears since the introduction of direct housing payments to tenants under Universal Credit. CAS recommends that the Scottish Government use devolved powers to pay housing costs directly to the landlord. CAS is also extremely concerned about the prospect of people having to wait at least five weeks for their first Universal Credit payment<sup>17</sup>, and would support moves to a more frequent payment schedule to claimants.

Given the particular concerns about single household payments causing women to lose out or be trapped in abusive situations, CAS would also recommend the Scottish Government consider switching to individual Universal Credit payments.

Citizens Advice Scotland  
30 April 2015

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<sup>17</sup> Consultation response on Universal Credit Waiting Days – Citizens Advice Scotland, October 2014  
<http://www.cas.org.uk/publications/consultation-response-universal-credit-waiting-days>