

## **ECONOMY, ENERGY AND FAIR WORK COMMITTEE**

### **DRAFT BUDGET 2019-20**

#### **SUBMISSION FROM CITIZENS ADVICE SCOTLAND**

##### **Employment support and fair work**

*Citizens Advice Scotland (CAS), our 60 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, 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.*

*In 2017-18 the Citizens Advice Service network helped over 295,100 clients and dealt with almost 800,000 advice issues for clients living in Scotland. With support from the network clients had financial gains of almost £142.2 million and our self-help website Advice in Scotland received approximately 3.2 million page views.*

Citizens Advice Scotland (CAS) welcomes the opportunity to provide evidence to the Committee's inquiry. The largest areas of advice provided by Scotland's CAB network relate to social security benefits, tax credits and National Insurance, with a total of 332,298 issues in 2017/18, representing 43% of CAB caseload in Scotland.

CAS supported the devolution of employment programmes, as it represents the opportunity to provide schemes that more effectively support long-term unemployed people into work, based on the positive employability programmes already existing in Scotland.

CAB clients will typically seek advice because of issues such as accessing social security benefits, money worries, problems at work, housing issues and consumer concerns, rather than for employability support *per se*. Our submission therefore focuses on some of the wider considerations related to employment support, rather than details of the operation of Fair Start Scotland and its predecessors, which other organisations will be better placed to comment on.

In particular, CAS would consider it is particularly important that devolved employability programmes:

- Integrate with other policies and services to tackle some of the systemic and institutional barriers to employment
- Remain voluntary to participate in, avoiding any use of conditionality
- Align effectively with DWP approaches to employability

##### **Systemic barriers contributing to long-term employment**

CAS welcomes the Government's ambition to reduce the disability employment gap, which is important in ensuring equality, fairness in the workplace and helping people with disabilities and health conditions maximise their incomes. However, it should be recognised that there are people for whom paid work will not be appropriate because of their condition or impairment, in a number of cases for the remainder of their life.

Barriers to employment and the causes of long-term unemployment can be complex and varied, and the solutions will involve a range of policy areas including health, mental health, education, employment and social security. Citizens advice bureaux (CAB) in Scotland see many clients who are living in poverty, and who experience periods of financial crisis which means they are unable to buy essentials such as food, rent, and energy to heat their homes.

Previous CAS research, 'Living at the Sharp End: CAB clients in crisis'<sup>i</sup>, looks in detail at the causes of gaps in income, particularly with regards to the benefits system; the impact of gaps in income on CAB clients; and the adequacy of existing crisis assistance provided by statutory agencies. Some of the case studies analysed for this research showed evidence of clients who felt unable to begin their journey towards employment, largely due to problems associated with the social security system.

This research raises some important policy questions not just about access to crisis support in an emergency, but also about the short and long term consequences that these situations can have on individuals. If someone has no money to pay for essentials and is experiencing material deprivation, it is likely to be difficult to concentrate on looking for work and developing their skills in order to enter the job market.

It is important that the Scottish approach to employability support is complementary to other policy areas with a focus on prevention and mitigation of economic hardship, rather than having a narrow focus on skills and qualifications. Improving outcomes for those furthest from the labour market will involve concentration of resources at an early stage of the 'employability pipeline' and ensuring that employability services are well integrated with other local public, private and third sector support services such as debt, housing and benefits advice.

### **Voluntary service and measuring results**

CAS warmly welcomed the Scottish Government's decision that no referrals for benefit sanctions would be made in the new employment services, and that participation would not be mandatory, in contrast with the previous system. CAB clients engaging with the previous Work Programme commonly sought advice because they had been sanctioned, in some cases in harsh circumstances, such as being less than five minutes late for an appointment with the Work Programme provider.

This issue stemmed from the requirement of Work Programme providers to refer Employment and Support Allowance (ESA) and Jobseekers Allowance (JSA) claimants in every case where they failed to comply with their conditions, without being allowed to apply any discretion or consider whether the person had good reason for failing to comply. This included situations where providers might be sympathetic to, or in agreement about why the non-compliance took place, for instance because of caring for a sick relative, because of transport problems, or because of a conflicting hospital appointment. CAS believes that employment service providers should be there to support people into work rather than monitor conditionality.

Making Work First, Work Able and Fair Start Scotland voluntary has eliminated this problem, and it appears to be relatively clear to individuals that referrals from Jobcentre

Plus are optional suggestions rather than mandatory directions. Given the previous issues, and the fact that many people in receipt of ESA and Universal Credit are not currently able to take part in work-related activity due to ill-health or disability, CAS believes this is appropriate and an improvement on the previous system.

The voluntary nature of the new services is apparent from the official statistics, which show that 64% of those referred to Work First Scotland, and 53% of those referred to Work Able Scotland chose to participate. Additionally, around 34% of those who started on Work First and 30% of starters on Work Able left the programmes early, with the most common reason cited for doing so being health reasons.<sup>ii</sup> Whilst relatively little is known about why individuals choose to participate in the programmes or not, it would appear to suggest that a mandatory programme would not be suitable for a considerable number of the people referred, consequently putting them at risk of counterproductive benefit sanctions. Nonetheless, further research into individuals experiences of the employment programmes, including their reasons for choosing whether or not to participate, and to leave the programme early could help ensure that referrals and the programmes themselves are appropriate.

### **Alignment with JobCentre Plus and Department for Work and Pensions (DWP) policies**

The continued rollout of Universal Credit across Scotland is an important factor in considering the wider context of support for the long-term unemployed. Universal Credit integrates separate benefits for short and long-term unemployed people, for people who are unable to work due to ill-health or disability, for people who are unable to work due to caring responsibilities, and for people in low-paid work. This means that, compared with the previous system, a large number of people who are not able to work or carry out work-related activity, will now be required to make an appointment with JobCentre Plus, and will be required to agree a Claimant Commitment.

This presents some opportunities and challenges with regard to employability. Increased contact with the JobCentre may lead to additional people being referred to Fair Start Scotland who may benefit from it. The new arrangements mean a different role for DWP Work Coaches who are transitioning from providing employment support exclusively to unemployed people who are actively seeking work, to people in a wide range of circumstances who may be far from the labour market, which will require a shift away from monitoring claimants' work search activity.

Citizens Advice Scotland has recommended that the rollout of Universal Credit is paused to allow some recurring issues for CAB clients to be fixed<sup>iii</sup>, including the length of wait for a first payment, the requirement for claims to be made and managed entirely online, and a high rate of deductions to repay debt leaving people in hardship. In particular, we are concerned about the planned 'managed migration' to Universal Credit of people currently receiving the 'legacy benefits' that Universal Credit replaces, taking place before these issues are fixed<sup>iv</sup>.

In addition to Fair Start Scotland, and the services and programmes run by DWP, there is a wide employability landscape in Scotland with services provided by public and third sector organisations. CAS welcomes the development of the Single Health and Work Gateway to

act as a primary entrance or referral point to these services as part of a co-ordinated national system of early health support and intervention<sup>v</sup>.

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<sup>i</sup> Living at the Sharp End: CAB Clients in Crisis – Citizens Advice Scotland, July 2016

<http://www.cas.org.uk/publications/living-sharp-end>

<sup>ii</sup> Scotland's Devolved Employment Services: Work First Scotland and Work Able Scotland, 2018, Quarter 1 statistics – Scottish Government, August 2018 <https://www.gov.scot/Resource/0053/00539178.pdf>

<sup>iii</sup> Response to House of Commons Public Accounts Committee inquiry on Universal Credit – Citizens Advice Scotland, July 2018 <http://www.cas.org.uk/publications/cas-response-universal-credit-inquiry>

<sup>iv</sup> Response to Social Security Advisory Committee consultation on draft regulations for Universal credit Managed Migration and Transitional Protection – Citizens Advice Scotland, August 2018

<http://www.cas.org.uk/publications/cas-response-universal-credit-migration-consultation>

<sup>v</sup> No One Left Behind: Next Steps for the Integration and Alignment of Employability Support in Scotland – Scottish Government, March 2018 <https://www.gov.scot/Publications/2018/03/5358>