

## Christmas hampered

Susan Marks makes the case for protecting consumers' money paid into hamper firms

People on limited incomes need to plan ahead for Christmas. Christmas club schemes such as those provided by Farepak are attractive for people on low incomes for three reasons:

- Customers make regular payments over the year in order to spread the cost of presents and festive foods that would otherwise be difficult to afford;
- The money was collected by someone the customer knew;
- Once paid the money could not be reclaimed when finances were stretched, as it could with other types of savings.

However, Farepak went into administration on 13 October. Money was being collected until the last minute, despite the company's knowledge that they were in financial trouble and that shares in the parent company had been suspended in August. Farepak customers found that with Christmas fast approaching they had no money or presents.

A Suffolk CAB client, a Farepak agent with six customers, only heard of the problems when one of these customers saw an article in the Sun newspaper. All she could do was to return the cheques she still had.

A young single mother with five children sought advice from a CAB in Wales. She had finished paying her contributions to Farepak early, and was awaiting £900 worth of vouchers this month.

Consumers like these are facing a bleak Christmas for three reasons. Firstly, no hamper company is covered by the Financial Services Compensation Scheme, which provides compensation to consumers whose savings provider has gone into liquidation. This is because the money paid into hamper firms counts as a deposit on goods.

Secondly, the fund designed as a rescue package, welcome though it is, has only managed to accumulate some £6,400,000 for the 150,000 or so customers who had saved approximately £50,000,000. Finally, the administrators for Farepak currently expect the final pay out to customers to be 4 – 5 pence in the pound, to be paid some time next year.

There is now widespread support for regulation, including from the Treasury Select Committee: "It is vital that people are given confidence that their savings will be protected." The DTI Minister, Ian McCartney MP, has called on the OFT and FSA to agree how to deliver this protection.

It is welcome that the DTI are now investigating Farepak's collapse. Citizens Advice considers that it is vital that lessons are learnt from this investigation to improve consumer protection.

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## Young single and homeless? Bah humbug!

Liz Phelps says rules which cause housing benefit shortfalls for young people on low incomes should be abolished, to reduce homelessness and promote employment – but are Ministers playing Scrooge?

**F**or the thousands of young single people struggling to find somewhere they can afford to rent this Christmas, the latest pronouncements from DWP Ministers on the single room rent (SRR) bring little cheer.

The SRR restriction limits housing benefit entitlement for single under 25s to the average local rent for single room accommodation with shared use of toilet, kitchen, bathroom and living room, regardless of the type of accommodation in which the young person actually lives.

So far so reasonable you might think. But the reality can be very different. Firstly in many parts of the country, shared accommodation meeting this definition simply doesn't exist or if it does, it is very much part of a closed student housing market, not accessible to young people on benefits or in low paid work. Secondly, as the recent DWP report<sup>1</sup> evaluating the Local Housing Allowance pathfinders points out, this absence of accommodation can make it difficult for Rent Officers whose job it is to set the single room

rent on the basis of local market evidence, to fix the levels correctly. As a result, even if you can find shared accommodation, it may well be above the SRR rate. And thirdly, for more vulnerable young single people, the idea of having to share accommodation with strangers can be very intimidating and something they just don't feel able to cope with.

What this means in practice is that around nine out of ten young single people find their HB falls well short of their rent. This affects young people whether or not they are in work. It leaves many living below the poverty line and others literally homeless as they are unable to find anywhere they can afford.

A CAB in County Durham reported the case of a 22 year old young woman who needed to claim HB when her wages were cut from £1000 pcm to £335 pcm. Her rent is £85 per week but because of the SRR restriction her maximum HB is £42.50. This means that she will have less than £10 per week left to live on after paying her rent. She is four months pregnant.

A CAB in South Wales reported a 20 year old woman who is homeless and living casually with whoever will put her up as she is no longer able to live in the family home. This makes it impossible to maintain an orderly lifestyle and undergo skills training or hold down a job. The only accommodation she has found is at rents far higher than the SRR, which would leave her without enough money for food or to pay essential bills. She has had drugs problems in the past and her homelessness makes her very vulnerable.

Citizens Advice has joined forces with a coalition of organisations providing advice, support and accommodation for homeless young people, to lobby the DWP to use the opportunity provided by the Welfare Reform Bill to abolish this age discriminatory rule altogether.

For a Government signed up to evidence-based policy making, the case for abolition should be quite compelling. Quite apart from the extensive evidence of hardship reported by organisations working with young people on the front line,

<sup>1</sup> DWP, Local Housing Allowance Final Evaluation, report no 10, 2006

research commissioned by the DWP itself<sup>2</sup> has found that 87% of all SRR claimants faced a shortfall, averaging £35.14 per week. This is over double the shortfall faced by other claimants, which averaged £16.34 and affected 55% of claimants. In addition the research found that the SRR 'undermines efforts to get young people into employment by not providing them with the stable housing base they need to take up training and jobs'. It also highlighted the way in which it prevents many young people from finding suitable private rented accommodation noting that 'combined with the reluctance of landlords to let to young people [the SRR] has resulted in many young people using friends' floors, forcing them into unnecessary hostel accommodation or attempting to make use of the homelessness legislation'.

In an attempt to address this problem, the DWP slightly broadened the definition of the SRR in the Local Housing Allowance reforms currently being piloted. The Local Housing Allowance is to be rolled out nationally across the private rented sector under proposals included in the Welfare Reform Bill.

However DWP has recently informed Citizens Advice that this amended SRR definition has made virtually no difference to the level of shortfalls faced by under 25s. The average shortfall faced by a single claimant aged under 25 in the LHA pathfinder areas has fallen by just £3 - from £30 at the baseline (2003/4) to £27 at February 2006. And the percentage of single under 25s affected by shortfalls remained unchanged at around 70%.

In contrast, shortfalls amongst all claimants in the pathfinder areas have fallen from £23 to £17, and the percentage experiencing shortfalls has fallen from 58% to 39%. This means that unless changes are made, the gap between the experience of under 25s and other claimants is set to grow still further under the Local Housing Allowance.

So what is the DWP planning to do about the problem? From the Minister's response to the heated debate on the SRR in the Committee stage of the Bill, the answer appears to be not a lot. Never mind that just across Westminster the Department for Communities and Local Government has made preventing homelessness and ending rough sleeping key priorities; never mind that charities providing supported

accommodation for young people find their effectiveness compromised as they are unable to move people on when they are ready to leave; never mind that the restrictions make it more, not less, difficult for young people to find and sustain employment. Instead DWP Minister Ann McGuire concluded in Committee that "the core principles for retaining the shared room rate – challenging dependency and encouraging young people to think about their future job prospects - link in with some other aspects of the Welfare Reform Green Paper, which is about supporting people into work".

This is certainly not the end of the story. It was clear from the debate that there is considerable appetite for reform on this issue - indeed it was the only housing benefit amendment in Committee taken to a vote.

There is still a long way before the Welfare Reform Bill completes its passage through parliament and this is one issue which will not be going away.

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## Gathering winter fuel

Tony Herbert urges all fuel companies to put an end to their policy of collecting back charges from customers who have not had their token electricity prepayment meters recalibrated to reflect energy price rises

**M**any people on low incomes opt to pay for their fuel by pre-payment meter to avoid getting into financial difficulties. However pre-payment meters need to be recalibrated when fuel prices change, and those customers with token pre-payment meters for their electricity supply have to wait for a visit from the fuel company to recalibrate the meter. The increase in fuel prices over the past year has therefore given fuel companies logistical problems in recalibrating up to 1.175 million prepayment meters to cover the increased cost of fuel.

Fuel companies have taken different approaches to this problem. Some companies, notably Scottish and Southern and EDF, have recognised that pre-payment meter customers are often on low incomes and find it difficult to pay the debt that could accrue from the date of the price increase. They have therefore not applied the price increase until they have visited the customer to recalibrate the meter. However, other companies are billing the customer separately for the price increase until they get round to recalibrating the meter.

What is particularly regrettable is that long delays in resetting prepayment meters to reflect price increases have the perverse effect of pushing some of the most vulnerable customers into debt, despite the fact that in many cases they have opted for a prepayment meter precisely to help them avoid getting into financial difficulties. Our evidence shows that some of the poorest members of society are ending up owing hundreds of pounds to their electricity supplier through no fault of their own. Here are only a few of the many cases reported to Citizens Advice:

A CAB in Bedfordshire reported that their client, a lone parent in ill-health with three dependent children, was recently advised by her fuel company that she had accrued arrears on her prepayment meter because her meter was not re-set following price increases. This had left the client in arrears of £50 which was being recovered from the meter, putting her in financial difficulty.

In some cases, the fuel company has taken an extremely long time indeed to recalibrate meters. As a result customers are having to pay extremely high additional bills:

A CAB in North-West Wales reported that their client, a 79-year old disabled man, received a bill for £197.32 despite paying for his electricity by prepayment meter. Understandably confused as to how this could have arisen, the client attempted to get to the bottom of the matter by contacting his fuel company. After being passed from one department to another, the client was eventually informed that the debt had built up because the company had failed to change the prepayment meter tariff when prices had gone up.

A Merseyside CAB reported that a single man with mental health problems, was extremely worried when he was presented with a fuel bill for a staggering £823 despite opting to pay for his electricity by a prepayment meter precisely because he struggled to save for bills and did not want to fall into debt. The reason for the debt accumulating was that the fuel company had failed to re-set the client's meter to take into account price rises for 3 years.

In other cases, CAB clients are being threatened with

disconnection for non payment of the accrued debt:

A client of a CAB in Gloucestershire was having to pay the price for his electricity company's inability to re-set tariffs in line with price rises. Their client, a 70-year old retired man, quite reasonably believed that his prepayment meter covered his electricity usage. However, in April 2006 he received a letter from British Gas saying that he owed them £656.73 for electricity, urging him to pay this amount in full and pointing out that failure to do so could result in disconnection of his electricity supply and would lead them to report him to a credit reference agency. This was the first time that the client had been informed that he owed any money. The client was very upset by these threats, and paid the outstanding amount in full immediately.

One option available to consumers in this situation could be to switch their fuel supply to a company that applies price increases at the point they recalibrate the meter. However, the debt blocking rules prevent consumers owing £100 or more

from switching to a new fuel supplier if they are unable to pay off the accrued debt immediately.

Another option would be for fuel companies to install new up-to-date pre-payment meters which would allow for price increases to be applied without the need for a home visit. However, there is no incentive for companies to do so, as the fuel regulator, Ofgem, allows them to bill token pre-payment customers retrospectively for the price increase.

Given our concerns in this area, Citizens Advice joined with energywatch in formally referring this matter to Ofgem on 7 July 2006 for investigation. Although Ofgem say protecting consumers is their first priority, so far they have taken no urgent action on this issue. In the meantime, it is worrying to note that Ofgem is considering removing or watering down the rules governing fuel suppliers, including their obligations relating to customers, since "retail competition is effective and sufficiently established to enable the removal of many of the regulations set out in the supply licences". In the

meantime, Citizens Advice has written to all the chief executives of the fuel companies still billing token pre-payment meter customers for fuel price increases to ask them to follow the lead of Southern and Scottish and EDF. British Gas have already agreed to change their policy, and are carrying out a programme of replacing token meters with key meters.

In our view this matter requires immediate resolution. Citizens Advice therefore urges Ofgem to take urgent action to address the matter, and to use its current review of the supply licence conditions to come up with constructive and robust proposals to eliminate the practice of token meter back charging altogether.

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## A bleak midwinter

Richard Dunstan describes the growth in numbers of failed asylum seekers since 1997, many facing destitution and dependent on such charity as may be available, and sees little prospect of improvement unless there are changes

Every December, millions of Britons pay homage to the story of a young couple forced to sleep rough in a stable. It is indeed a moving story, and one that perhaps informs a tradition of giving special thought to those who are unfortunate enough to be homeless and destitute in midwinter. However, it is not always clear, at least from the pages of tabloid newspapers and the speeches of Government ministers, that this tradition extends to the thousands of destitute failed asylum seekers in the UK.

During 2006, a string of reports by Citizens Advice and others have sought to draw attention to the hardship and distress faced by many of the 300,000 or more failed asylum seekers in the UK, and to the almost total lack of action on the part of the government.<sup>1</sup>

The homelessness and destitution of failed asylum seekers is not a new phenomenon. For much of the past 20 years or more, most failed asylum seekers have been left in legal limbo, without access to welfare support and other essential services yet with no great likelihood of either forcible removal or voluntary departure from the UK. But in recent years, as both the number of

new asylum claims and the proportion refused have risen, the scale of such destitution has increased enormously.

In the period 1988-90, for example, no less than 85 per cent of all Home Office initial decisions were to *grant* asylum (or exceptional leave to remain), with the result that a total of only 2,091 claimants (not including dependants) were refused asylum. Some of these will have gone to win an appeal or other legal challenge. But from 1991 the refusal rate climbed steadily, and over the period 2002-04 a total of 149,520 claimants (not including dependants) were refused asylum – some 71 times the number in 1988-90. And four out of five appeals were dismissed.

Yet, until very recently, the number of failed asylum seekers leaving the UK, whether through forcible removal or voluntary departure, remained relatively small. In 2001, for example, there were 92,420 refusals of asylum but only 9,285 removals or voluntary departures. As a result, the number of failed asylum seekers in the UK has increased by some 250,000 just since 1997, and some 310,000 since 1993. And these estimates do not include dependants.

Clearly, some of these individuals will have left the UK without notifying the authorities, others will have eventually obtained some form of leave to remain (perhaps following a further legal challenge), and some will have died. It is unlikely that anyone will ever be able to establish just how many have actually done so, but it seems reasonable to conclude that most of the 310,000 (plus their dependants) remain in the UK.

A CAB in the North East reports being approached by a young man from Azerbaijan. Homeless and destitute, he had spent three of the previous five nights in police cells, and the other two sleeping rough in a local park.

Not all are destitute. A relatively small number – currently about 7,000, plus 1,000 dependants – are supported and accommodated by the Home Office, on the grounds that they are *temporarily* unable to leave the UK for reasons beyond their control. This includes those in the late stages of pregnancy, those who are too ill to travel, and those applying for and awaiting voluntary assisted return. But the qualification criteria for this support are narrow, and many failed asylum seekers remain too fearful of

<sup>1</sup> *Shaming destitution*, Citizens Advice, June 2006; *They think we are nothing*, Scottish Refugee Council, August 2006; *Down and out in London*, AIUK, November 2006; and *The destitution trap*, Refugee Action, November 2006.

return to their country to register for voluntary assisted return.

Many more are working, illegally and often for exploitative employers: A CAB in the North West reports failed asylum seekers working for as little as £1 per hour in local restaurants. It is in no one's interest that rogue employers can boost their profits, and undercut *good* employers, through such exploitation of the desperate and needy.

However, many are unable to secure employment, good or bad, and others are in any case unfit to work on account of their age or poor health. Indeed, evidence from CAB advisers and others suggests that a significant proportion of failed asylum seekers have mental health needs.

The remainder rely on the generosity of friends, and/or the patchy support of charitable organisations. In towns and cities throughout the UK, a disparate collection of voluntary and faith sector groups – some newly established in response to the needs of destitute failed asylum seekers – now provides a range of skeleton support services, such as soup kitchens, food parcels, free or cheap hot meals, social drop-ins, and donations of clothing and shoes.

A Yorkshire CAB reports being approached by two young Congolese women, who were homeless, destitute and entirely reliant on a local church group for donations of food.

But such provision is both limited and highly variable in its coverage. In one town in the Midlands, for example, where the local CAB estimates there are currently living some 300 unsupported failed asylum seekers, the only such provision is a free hot meal offered on *just one day a week* by a local church group.

We find it difficult to understand how government policy tolerates such homelessness and destitution, the resultant risk to the well-being of the people concerned, and the associated detriment to social cohesion and public policy more generally. The Home Office's New Asylum Model – currently being implemented and under which all new claims will be processed by April 2007 – aims to reduce and perhaps eliminate the *future* incidence of such destitution, by means of pro-active, end-to-end case management by dedicated Case Owners and the alignment of (negative) decisions and removal or voluntary departure. But it remains to be seen whether this laudable aim will be

achieved to any significant degree. And implementation of the New Asylum Model will do nothing to reduce the *existing* population of failed asylum seekers.

In a review of the Home Office's Immigration & Nationality Directorate (IND), published in July 2006, Ministers set themselves a target of "dealing with the legacy of older cases that have yet to be fully resolved ... within five years". In Parliament, the Home Secretary suggested that this 'legacy' could amount to some 400-450,000 cases (an estimate that seems to *include* dependants). How this will be achieved has yet to be explained, though the IND review hints that some "may be granted leave". Given the current rates of removal and voluntary departure, we believe that the number granted leave will need to be substantial if this target is to be met. And that is less an administrative challenge than a political one. Perhaps a bit of seasonal 'goodwill to all men' is in order.

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## The holly and the IVA

Peter Tutton asks whether lender criticism of the growth in individual voluntary arrangements is justified

**This Christmas could see more people asking Santa for an individual voluntary arrangement (IVA). Record numbers of people are now seeking debt relief through bankruptcy or by an IVA. Indeed more people entered into formal insolvency in the third quarter of 2006 than in the whole of 1998. Underneath these headline figures there is an interesting sub-plot about the distribution of insolvency remedies for individuals. The long steady increase in personal bankruptcies seems to have reached or at least paused at a plateau of around 15,000 cases a quarter. Consequently the continuing growth in insolvencies in 2006 is almost wholly accounted for by the spectacular rise in IVAs that have more than doubled over the last twelve months.**

So it is little wonder that the IVA industry has been put in the spotlight. By way of background an IVA is a legally binding agreement between a debtor and creditors that is proposed and supervised by, and only by, a licensed *Insolvency Practitioner*. Seventy-five per cent of creditors (by value) must agree to the

proposal for it to be binding. Once made, an IVA will generally provide debt relief after five years of payments and, in some cases, a contribution raised from assets (usually by withdrawing equity from the home) by the debtor. The main attraction of an IVA is that it offers a cheaper route to debt relief than bankruptcy with better returns for creditors and the debtor generally able to keep their home and business.

While the voluntary agreement built into the IVA scheme means that it should benefit both creditors and debtors alike, there has been a good deal of disquiet at the recent growth in IVAs and at the so-called *IVA factories* in particular. These are firms that specialise in providing IVAs and often other means of *debt resolution* (as the sector styles itself) to large volumes of debtors, employing mass marketing to bring in the business. Most of the staff of these firms are not licenced insolvency practitioners. While such firms have certainly increased access to IVAs, there has been criticism of the quality of the service that some of them are said to provide.

The banking industry has been particularly vocal in complaining that poor advertising and advice from some providers has induced some people into an inappropriate IVA. This stance seems to conflate an important point about bad practices in the IVA market with the banking industry's insistent belief that the growth in IVAs has somehow been caused by the increasing number and visibility of IVA providers. Of course such an argument allows lenders to grumble about levels of insolvency while downplaying the number of heavily indebted people that are currently falling out of a credit market saturated by years of aggressive marketing and sometimes dubious lending decisions. In this respect the banks have managed simultaneously to overplay their hand while failing to get to the bottom of the problem that they have been complaining about. In view of this, the government's reluctance to respond to these complaints with tougher regulation of IVA providers is not really surprising.

However this is not to say that there are no problems with the practices of IVA providers or the ways in which they are currently regulated. CAB evidence

highlights cases where people have experienced very serious problems with their IVA provider. Poor and misleading advice, mis-selling and poor administration go hand-in-hand with gargantuan fees in a way that raises hard questions as to the adequacy of the current regulatory regime. For example:

A CAB in the West Midlands saw a 39 year old man who owned his own home and had an income of around £19,000. He had debts totalling £48,000 contacted an IVA provider for help. The provider requested a £9,000 fee and monthly repayments of £393. They included his daughter's disability living allowance in the assessment of income.

A CAB in Devon saw a woman who was working full time and earning £950 per month net. She owed around £25,000 to three major creditors and although none of these were in default she was unable to afford the contractual repayments of £385 per month. Her monthly essential outgoings were at least £700, leaving £250 per month to pay her creditors. She had been offered an IVA with monthly payments of £435. The provider told her that this was 'just £50 pm more than you are paying now and in 5 years you will owe nothing'. The salesman also gave her the impression that her credit rating would not be affected.

A CAB in Lincolnshire saw single woman in full time but unstable employment. She had unsecured debts of £38,000 that she was unable to service. An IVA provider recommended an IVA but had excluded some essential expenditure from her budget in order to make it appear affordable. The fees in relation to the IVA were in excess of £5,500.

It is hard to see quality assured systems, training and staff support behind any of the problems reported here. While the relatively small numbers of such cases does not make the case for fundamental regulatory reform, it does strongly suggest that the multitude of bodies who have a hand in IVA regulation need to work better and harder at protecting the interests of people approaching IVA providers for help. There are arguably three main initiatives which need to be put in place:

- The IVA industry as a whole needs to develop a more convincing strategy to guarantee good standards of practice with robust monitoring and enforcement against incidents of bad practice when and where they occur.
- The current licensing system concentrates on individual Insolvency Practitioners but the key need is to regulate the practice of firms.

- The development of IVA factories has eroded the distinction between debt management companies and IVA providers. Although the OFT's debt management guidance published in 2001 applies to IVA providers, it has little to say about particular problems relating to IVAs. It is therefore essential for the various IP authorising bodies and the Office of Fair Trading to work together to ensure consistent high standards across the whole of the debt resolution sector.

We understand that a number of firms in this industry are attempting to do just this through the formation of a trade body with a code of practice. While we welcome this, experience tells us that voluntary codes are generally only as effective as the regulator lurking in the background who will ultimately ensure that bad practices are sorted out. A good starting point might be a quick and thorough independent review of what needs to change. Citizens Advice considers that there is a role for government in kick starting the process.

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## A new medical test for Xmas?

Vicky Pearlman reviews the reviews of the new Personal Capability Assessment that will operate under the replacement for incapacity benefit, and makes it clear that the consultation process has not delivered the improvements Citizens Advice wanted to see

**The new Personal Capability Assessment (PCA) is the test claimants have to 'pass' in order to qualify for incapacity benefit. The same process will be used to determine eligibility for the new Employment and Support Allowance (ESA), to be introduced sometime in 2008. MPs have engaged in considerable debate about the revised test, in the Commons Committee stage of the Welfare Reform Bill. The DWP has been working to produce a revised test and to evaluate it as the Bill is going through.**

There will be changes to the current mental and physical health 'descriptors' or components of the test, but Citizens Advice fears that the review is not going to make fundamental improvements to the quality and accuracy of the PCA process overall and may, in fact, leave some sick and disabled claimants unable to access the new benefit when it is introduced.

Citizens Advice welcomed the Government's intentions to 'fundamentally review' the PCA, set out in the Green Paper on

Welfare Reform.<sup>1</sup> Our report, *What the doctor ordered?*, published earlier this year, highlighted many concerns about how poorly the current test, and the quality of decisions based upon it, serves ill and disabled CAB clients.<sup>2</sup> We also set out proposals for how the process could be reformed to better meet the needs both of claimants and the DWP. We continue to receive a high level of complaints about the medical assessment process, with many clients left with a very reduced income until an appeal is heard, and which is frequently successful.

A client with a severe skin condition lost incapacity benefit following a PCA which awarded him 5 points. At his appeal 5 months later the client qualified for 16 points, but he immediately received notice of another PCA medical examination.

A client waiting for a liver transplant with multiple serious illnesses had been told by specialists and his GP that he would not be able to work for a year, but the client received 0 points at a PCA. The client

was left with a reduced income whilst he appealed against the decision, and had no money to pay for medication. The decision was eventually changed before it reached an appeal.

A woman with ME was given only 7 points at a medical examination, but the doctor carrying out the exam advised her to appeal, as he said the computer would not allow him to award more. The client received 33 points at appeal.

A lone parent, suffering from osteoarthritis and depression, lost incapacity benefit after scoring no points at a medical assessment. She complained that the doctor paid her no attention. An appeal was heard after 3 months when the client had to live on a reduced income, before her benefit was reinstated.

The DWP's review of the PCA was conducted using two groups of doctors and other medical specialists, one looking at the mental health descriptors and the other the physical disabilities descriptors. From the start, Citizens Advice and other disability organisations were

<sup>1</sup> A new deal for welfare: Empowering people to work DWP 2006

<sup>2</sup> Citizens Advice (2006) *What the doctor ordered? CAB clients experience of medical assessments and decision making*

concerned that there was no proper involvement either by disabled people or organisations representing disabled people, or organisations with first-hand knowledge of how the current system works in practice. Several voluntary organisations were then invited to sit on a 'consultative group' for mental health, or to join an 'overarching review group' whose task it was to have an oversight of the two reviews as they progressed and be consulted on the direction the review took. Citizens Advice was invited to join the overarching group.

The review was to be conducted within a very narrow timescale – starting in July and reporting to the Minister by late September 2006. The reviews were restricted to the PCA descriptors and the introduction of the new Work-focused, Health-related Assessment.

The reviews have produced improvements to the mental health descriptors. They now better reflect the impact that mental health problems have on people's ability to work. But we have concerns about the new physical descriptors. Many of

the three point descriptors have been removed, which will inevitably mean that some new claimants will not qualify for ESA, when they would have got incapacity benefit before.

The consultative groups were given little time to comment on the proposals before they were presented to the Minister, Jim Murphy MP, at the end of September. Despite raising a number of concerns about both the process and the descriptors, we were disappointed that the outcomes have not changed much, and there are many crucial issues left unresolved. One of the most important is that scores from the mental health and physical disabilities tests cannot be combined. The existing combining of scores is cumbersome, and weighted towards physical disabilities, but it does enable the total points scored to reflect both aspects of people's conditions. The need for further work on this has been recognised by government in Committee discussions, when Jim Murphy MP said "*When evaluating the revised PCA and assessing its effectiveness, we will consider what approach should generally be taken to*

*combining physical and mental health scores*".

There is also concern about the time allowed for testing the new descriptors. As one MP said "*the evaluation of this new assessment should be more robust and more independent than the fairly brief assessment the government are proposing*".

Further reviews will examine medical evidence is gathered (Meds 3 and 4, the IB113 and the IB50). There is also a review of the appeals process. We will continue to press for a fuller review of the PCA process as a whole. What is needed is an open, independent evaluation of the effectiveness of any revised PCA that is proposed for introduction. Anything less will reduce the confidence people need to have in the new system, which is after all intended to build support for people who are sick or disabled in order to help those who want to work to do so.

The DWP report, Transformation of the PCA, is available at:

[www.dwp.gov.uk/resourcecentre](http://www.dwp.gov.uk/resourcecentre)

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## Evidence reports published in the last six months

> **Deeper in debt** (*Free, May 2006*)

A profile of CAB debt clients

> **Shaming destitution** (*Free, June 2006*)

NASS section 4 support for failed asylum seekers who are temporarily unable to leave the UK

> **Out of pocket** (*Free, July 2006*)

CAB evidence on the impact of fee-charging cash machines

> **Welfare Foods and Healthy Start** (*Free, November 2006*)

CAB evidence on the provision of milk tokens

## Recent briefings and responses to consultation papers; September – November 2006

- Response to the Social Security Advisory Committee on direct deductions from benefit for loans (September)
- Response to the draft Tribunals Courts and Enforcement Bill (September)
- Response to OFT on draft guidance on unfair credit relationships (September)
- Response to Department for Transport on Parking enforcement (September)
- Response to DWP White Paper on Pensions Reform (September)
- Response to HM Treasury on EU Directive on Payment Services (September)
- Submission to Joint Committee on Human Rights inquiry into the Treatment of Asylum Seekers (September)
- DTI consultation on consumer bodies taking representative actions for consumers (October)
- Legal aid – a sustainable future. Response by Citizens Advice to Legal Services Commission and Department for Constitutional Affairs (October)
- Response to Department for Transport on DDA and rail services (October)
- First consultation on Distance Selling Directive in response to an EU Commission Communication (November)
- Second reading briefing (House of Lords) for the Tribunals, Courts and Enforcement Bill (November)

Copies of all these briefings and responses to consultation papers are available free of charge from the Citizens Advice Social Policy Department.

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