



Citizens Advice response to the Work and Pensions Select Committee inquiry into the Disability Employment Gap

About Citizens Advice

Citizens Advice provides free, confidential and independent advice to help people overcome their problems.

In 2017-18 we helped 2.6 million people face to face, by phone, email or webchat. We provide support in over 2,000 locations in England and Wales and people visited our online advice pages 41 million times. Two fifths of the people we help are disabled or have a long-term health condition.

The government made a manifesto commitment to help support an additional million disabled people to move into work or stay in work over the next 10 years. As Universal Credit (UC) rolls out it will play a critical role in helping the government achieve this objective. 58% of households with a disabled adult will receive Universal Credit once it is fully rolled out¹. Universal Credit aims to improve work incentives and make work pay. It needs to do this for a range of people in different circumstances including disabled people and those with health conditions.

The structure and design of a benefit system can help people to enter and maintain work but flaws in design can also create barriers. Universal Credit removes cliff edges and smooths transitions between benefits, encouraging people to increase their hours or income from work. Work Allowances provide targeted boosts to work incentives and in-work financial support.

However, there is more to do to align Universal Credit with Government aims for disabled people. The government has recently announced improved protection for disabled people who receive the Severe Disability Premium. This is a welcome move that will provide better financial protection for many disabled people. The government should also look at improving administration of rollout, widening access to the Work Allowance, and ensuring strong work incentives are delivered for all disabled people.

¹ Citizens Advice analysis, based on Family Resources Survey (FRS) 2014-15

Universal Credit rollout for Disabled People

Payment Timeliness

Disabled people are struggling with delays to their first payment as they begin their claims for Universal Credit. Only a third² (33%) of people with limited capability for work are getting their full payment on time following their initial claim. This is significantly lower than the 80% who are paid on time across all claims. Delays to disabled people's initial payments puts them at risk of debt and unable to cover essential costs. In turn, this can make it more difficult to focus on entering and maintaining work.

As the benefit rolls out more than half of households with a disabled adult will move onto it. Current plans for managed migration mean disabled people will have their legacy benefit claims closed and will need to make new claims for Universal Credit themselves. If problems with the claim process and payment delays continue, this approach could hinder the government's aims for addressing the disability employment gap over the next ten years.

Jobcentre Support

Disabled people and those with health conditions have hugely varied levels of support needs. They need tailored support which addresses their specific barriers and appropriate claimant commitments. However, the DWP's research³ indicates that staff have been struggling to identify support needs because they:

- lacked the time and ability to identify claimants who needed additional support
- lacked the confidence to apply processes flexibly and make appropriate adjustments
- felt overwhelmed by the volume of claimants reporting health problems

It is particularly concerning for disabled people and those with health problems that the DWP and Jobcentre staff are already overwhelmed by the volume of claimants with health conditions. This does not bode well for resourcing and capacity to support a million more disabled people to move into work or stay in work.

Access to the work allowance in Universal Credit

Personal Independence Payment (PIP) should passport to Work Allowances in Universal Credit

The work allowance in Universal Credit is currently not reaching all of the working disabled people it could help. It is only awarded to those who are deemed to have limited capability for work. This means access is linked to the Work Capability Assessment (WCA) only and there is no passport from Personal Independence Payment (PIP) assessments. Many working disabled people will struggle to access the work

² National Audit Office, Rolling out Universal Credit, 2018.

³ *Seen by the National Audit Office*. National Audit Office, Rolling out Universal Credit, 2018.

allowance because they will not be referred for a WCA while they are working and the assessment is unlikely to conclude they have limited capability for work.

Adding a passport to the work allowance from PIP would help remedy this problem. PIP can be awarded to people who are in or out of work. It is already used as a passport to the Disabled Workers Element in Tax Credits. This change would help strengthen work incentives in UC for disabled people and contribute to the Government's aim of supporting a million more disabled people into work.

Work Incentives for disabled people in Universal Credit

Disabled people may only be able to work limited hours or do limited types of work. They may also spend longer periods out of work. They need to be able to access adequate financial support through the benefit system in and out of work. Access to Work is available to meet some of the extra costs of working with a disability or health condition, but Universal Credit should recognise the costs associated with spending longer periods on lower hours or out of work.

For many disabled workers Universal Credit reduces the level of financial support and weakens work incentives compared to the legacy benefit system. Work Allowances in UC provide weaker work incentives than Permitted Work in ESA did for people with limited capability for work, and weaker in-work support than the Disabled Workers Element in Tax Credits.

Disregarded income for disabled people trying out work

The Work Allowance in Universal Credit is available to everyone who has limited capability for work. It disregards £198 a month for those with housing costs, after which 63p of UC is removed for every additional £1 earned. This incentivises disabled people to enter work and means there are higher returns from working.

This Work Allowance, however, is significantly weaker than **Permitted Work** in ESA. Permitted Work allowed people with limited capability for work to earn up to £125.50 a week (equivalent to £545 a month) without any reductions in the benefit. This supported disabled people to try out upto 16 hours a week of work to see if it is right for them.

In-work support for disabled workers

For disabled people working over 16 hours a week, the **Disabled Workers Element** in Tax Credits provided £3,090 per year of in-work financial support. This recognised some of the additional costs of working with a disability or health condition. It also recognised that disabled workers can face reduced incomes if they are only able to work limited hours or do limited types of work.

Universal Credit does not have in-work financial support that recognises these specific support needs for disabled workers. The Work Allowance could provide this support but

it is currently only available to those with limited capability for work, and is not set at a level that is comparable to the Disabled Workers Element. No matter how many more hours some disabled people work in UC they will struggle to achieve the level of income they would have had working under Tax Credits in the legacy system.