

# Halving The Gap?

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A Review into the Government's proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap

A review by Lord Low of Dalston CBE,  
Baroness Meacher and Baroness Grey-Thompson DBE



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# Contents

<b>1. Foreword</b>	<b>4</b>
<b>2. Executive summary</b>	<b>6</b>
<b>3. Introduction</b>	<b>11</b>
<b>4. Methodology</b>	<b>12</b>
<b>5. Disabled people and employment</b>	<b>14</b>
5.1. Current employment situation of disabled people	14
5.2. Barriers to accessing employment	15
5.3. What support is currently available for disabled people wanting to move into work?	15
5.3.1. Access to work	16
5.3.2. Disability Employment Advisors	16
5.3.3. Work Choice and the Work Programme	16
5.3.4. DLA and PIP	16
<b>6. What is ESA WRAG?</b>	<b>17</b>
6.1 History	17
6.2 Purpose	17
6.3 Types of ESA	17
6.4 Length of time in the ESA WRAG	18
6.5 Assessment process	18
6.6. Conditionality in the ESA WRAG	18
<b>7. What changes to ESA WRAG are proposed in the Welfare Reform and Work Bill?</b>	<b>19</b>
7.1. Context of this proposal	19
<b>8. What does the ESA WRAG provide for claimants?</b>	<b>21</b>
8.1. Financial support	21
8.1.1. Financial hardship	22
8.1.2. Support for health	23
8.1.3. Supporting social activity	24

8.1.4. Summary	25
<b>8.2 Support to find employment</b>	<b>26</b>
8.2.1. Financial	26
8.2.2. Work Programme	26
8.2.3. Jobcentre Plus support	27
8.2.4. Other issues	29
8.2.5. Summary	31
<b>9. Impact of losing the additional money that comes with ESA WRAG on claimants</b>	<b>32</b>
<b>9.1. Government assessment of impact</b>	<b>32</b>
9.1.1. Reason for policy change	32
9.1.2. Savings to the public purse	33
9.1.3. Impact on individuals	34
<b>9.2. General impact</b>	<b>34</b>
9.2.1. Financial hardship	35
9.2.2. Social isolation	36
9.2.3. Impact on health	37
9.2.4. Impact on other public services, provision and social security benefits	38
9.2.5. Impact on finances for individuals in work	40
9.2.6. Summary	42
<b>9.3. Impact on accessing work</b>	<b>42</b>
9.3.1. Impact on health and accessing employment	43
9.3.2. Financial hardship and accessing work	44
9.3.3. Impact on practical ability to undertake work-related activity	45
9.3.4. Disincentive in the design of the reduction to ESA WRAG	46
9.3.5. Summary	46

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<b>10. Looking forward</b>	<b>47</b>
<b>10.1. Improving how we support people in the ESA WRAG into employment</b>	<b>47</b>
10.1.1. Readiness for work?	47
10.1.2. Readiness for and ability to work	47
10.1.3. The role of employers	48
<b>10.2. What support do ESA WRAG Claimants need to move towards employment?</b>	<b>49</b>
10.2.1. Personalised and tailored support	49
10.2.2. Practical examples of what this support should look like	50
10.2.3. Practical employment related support	51
10.2.4. Support for health conditions	51
10.2.5. Better expertise and understanding from work coaches	52
10.2.6. Working with employers	52
10.2.7. Creating the right system under which support is provided	53
10.2.8. Work Capability Assessment	53
10.2.9. Payment and commissioning structures	53
10.2.10. Working with the ESA WRAG cohort	54
10.2.11. Summary	55
<b>11. Conclusions and recommendations</b>	<b>56</b>
<b>12. References</b>	<b>59</b>
<b>13. Appendix one: List of organisations providing evidence</b>	<b>62</b>
<b>14. Appendix two: Consultation documents</b>	<b>64</b>
<b>15. Appendix three: ESA caseload by condition</b>	<b>68</b>

# 1. Foreword

## Lord Low of Dalston CBE

I was delighted to be asked by charities to lead a review together with Baronesses Meacher and Grey-Thompson into the Government's proposal to reduce Employment and Support Allowance for future claimants in the Work Related Activity Group (ESA WRAG).

The proposal, which is currently being debated in the Welfare Reform and Work Bill, would mean that from April 2017, sick and disabled people found 'unfit for work' and assigned to the WRAG or its equivalent under the new Universal Credit would receive almost £30 less a week.

The Government has said this would incentivise disabled people to look for work and would aid their very welcome aim of halving the disability employment gap which was set out in the Conservative manifesto.

However, the review finds no evidence that the £30 a week WRAG component is acting as a disincentive to work and thus there appears no justification for this reduction in payment. In fact, our review found that the current ESA WRAG rate is already not enough to work as an income replacement considering that ESA WRAG claimants are likely to spend around two years out of work.

Furthermore the evidence from disability charities and disabled people themselves expressed serious concerns that such a cut would negatively impact on people's health, not least their mental health, from the increased stress and anxiety that goes with struggling to pay the bills.

The review also found that such a cut would in fact hinder people's ability to take steps back towards work as it would affect people's ability to undertake work related activity, such as training and volunteering. Put bluntly the more you push disabled people closer to or further into poverty the less 'work ready' they are likely to be.

Our review makes 11 recommendations which we hope will aid debate on the Bill as it enters its final parliamentary stages as well as the Government's thinking around how best to support people who can take steps toward work.

I would like to thank the charities Leonard Cheshire Disability, Mind, MS Society, National Autistic Society, RNIB, Royal Mencap Society and Scope who worked together as a secretariat to support the review.

Finally I would like to thank the organisations that responded to the review and the hundreds of disabled people who shared with us their personal experiences and views. They have been invaluable.



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## **Baroness Meacher**

I was delighted to be invited to join colleagues and charities to take part in this review into the Government's proposal to reduce Employment and Support Allowance for future claimants in the Work Related Activity Group (ESA WRAG).

The Government has claimed that the current amount for those in ESA WRAG acts as a disincentive to seek work. I have worked with people with a variety of mental health problems and people with a learning disability. In my experience, all these people desperately want, more than anything, is to be regarded as the same as everyone else. What does that mean? It means being able to go to work. They really do not need this sort of financial incentive or disincentive. This review shows that.

The review also found that such a cut would in fact hinder people's ability to take steps back towards work. Job hunting costs money, including money for transport and clothes, since you cannot go to work or an interview without appropriate clothes. That is particularly true for disabled people, a huge number of whom live in poverty. If a claimant cannot afford the fare to attend an interview, how will that promote his or her employment prospects?

We furthermore need to consider this cut in the context of the £21 billion of cuts implemented in the last Parliament. We are witnessing the most dramatic rolling back of the security floor for our most vulnerable citizens ever seen, in my view, in the UK.

I hope the Government looks at the review in detail and in particular the views of disabled people contained within. They raise very significant concerns not only about how such a cut will impact on health and wellbeing but also on their ability to look for and stay in work.

## **Baroness Grey-Thompson DBE**

I was pleased to be a part of this review which I believe is an important addition to the debates on the Welfare Reform and Work Bill and the Government's proposed cut to ESA WRAG.

I support the Government's ambition to support more people into work and we should do all that we can to aid that. However, cutting disabled people's benefits will not achieve this and indeed the Review has found that the proposed cut will hamper efforts to halve the disability employment gap.

Far from incentivising sick and disabled people to get into work such a cut is likely to move disabled people further from the workplace. Respondents have told this review that cutting this financial support will impact on their health, their ability to look for work, undertake things such as training and in some cases lead to social isolation, debt and other hardships.

These in culmination will undoubtedly also up the anxiety and stress levels of those in the ESA WRAG, an important consideration given that almost quarter of a million people in this cohort have mental health issues, autism and learning disabilities.

For the Government to fulfill its objective to halve the disability employment gap it will need to cease this cut and put in place personalised support that is individually tailored to allow those who can look for work to do so effectively.

## 2. Executive Summary

1. This Parliamentary Review looks at the Government's proposal to reduce the amount of money that new claimants in the Employment and Support Allowance Work Related Activity Group (ESA WRAG) would receive from April 2017.
2. The proposal to remove the ESA WRAG payment (and the equivalent 'limited capability for work' payment in the new Universal Credit), almost £30 a week, forms part of the Government's Welfare Reform and Work Bill which is currently being debated in the House of Lords.
3. Many disabled people, charities, MPs and Peers have expressed significant concerns over the proposed reduction and the impact it might have on disabled people. To explore these concerns, the Independent Crossbench Peers, Lord Low of Dalston CBE, Baroness Meacher and Baroness Grey-Thompson DBE undertook a Parliamentary Review (the Review).
4. The review was supported by a secretariat of seven charities: Leonard Cheshire Disability, Mind, MS Society, National Autistic Society, RNIB, Royal Mencap Society and Scope. These organisations were tasked with collating the views of disabled people, their families and carers, and interested organisations as well as producing the final report.
5. The Review put out a call for written evidence, which resulted in over 30 organisations responding as well as nearly 200 disabled people.
6. In addition two roundtable sessions were held and transcribed. The first was with disability and health charities, think tanks and other organisations. The second was with disabled people who are currently in or have been in the ESA WRAG.
7. Relevant publications and legislation have been used, together with data from the Disability Benefits Consortium which surveyed over 500 people in the ESA WRAG.

### **Disabled people and employment.**

8. Chapter 5 and chapter 6 provide background and context to the Review. Chapter 5 looks at disabled people and their employment situation and shows that disabled people are less likely to be in employment. 48.5% of disabled people between the ages of 16-64 are currently employed, compared to 78.8% of non-disabled adults. This is despite the fact that the majority of disabled people wish to work.
9. The report then outlines the barriers that disabled people experience when trying to access work. The issue is complex and barriers are often disability specific. For example, people with speech impediments are much more likely to quote lack of confidence as a barrier than those with mobility issues.
10. The Review also noted that disabled people are more likely to live in poverty. 31% of disabled working-age adults live in poverty compared to 20% of non-disabled adults.

## What is ESA WRAG?

11. When people are assessed as currently not fit for work they are placed in either the WRAG for sick and disabled people with limited capability to work, or the Support Group for disabled people with limited capability for work-related activity.
12. Work-related activity can include work-focused interviews and training courses. This work-related activity is mandatory and sanctions can be applied if the claimant does not complete it. Claimants can also be referred to the Work Programme or Work Choice.
13. Over time many people with the right support will move towards and into work. Others with health and medical conditions may experience deterioration in their condition and move to the ESA Support Group where they are not expected to prepare for work.
14. Currently there are 492,180 disabled people within the ESA WRAG. The largest group are those with 'Mental and Behavioural Disorders' (248,040) which include those with mental health problems, learning disabilities and autism.
15. The ESA WRAG payment is higher than the payment for people in receipt of Jobseeker's Allowance. The extra money individuals receive is provided as recognition that they are likely to be unemployed for a longer period of time than those receiving Jobseeker's Allowance. Once out of the workplace, disabled people can find it much more difficult to return; 10 per cent of unemployed disabled people have been out of work for five years or more, compared with just 3 per cent of the non-disabled population.
16. According to one of the people who designed the ESA WRAG, Professor Paul Gregg, the typical duration that claimants were expected to be in the WRAG was two years. Currently, roughly 60 per cent of people spend approximately two years in the ESA WRAG. This compares with 60 per cent of people spending roughly six months on Jobseeker's Allowance.

## What changes to ESA WRAG are proposed in the Welfare Reform and Work Bill?

17. Clause 13 of the Welfare Reform and Work Bill proposes to abolish the WRAG component for new claims for ESA from April 2017. Clause 14 abolishes the equivalent 'limited capability for work' component in the new Universal Credit which will replace ESA and a number of other benefits.
18. This will reduce income for those in the WRAG from £102.15 a week to £73.10, a reduction of £29.05 per week. Existing claimants will be protected, but will be affected should they move into work and then return to claiming ESA WRAG.
19. The Bill's impact assessment states that the reason behind this reduction is to 'remove the financial incentives that could otherwise discourage claimants from taking steps back to work.'

## What does ESA WRAG provide for claimants?

20. The vast majority of respondents described difficulties living on the current ESA WRAG payment of £102.15 a week. Many highlighted the negative impact on their health and wellbeing.

21. Data from the Disability Benefits Consortium (DBC) brought this into sharp focus. In a survey of over 500 disabled people in the ESA WRAG, the DBC found that 57% said that the amount they currently received was not enough to live on. 28% of those surveyed reported that they had been unable to afford to eat, while 38% had been unable to heat their home and 52% struggled to stay healthy.
22. Respondents pointed out that only half of people in the ESA WRAG were in receipt of Disability Living Allowance or Personal Independence Payments meaning that the £102.15 was a critical source of income. Many respondents talked about how the payment was used to undertake social and work-related activities but also to attend groups that aided their health and wellbeing.
23. The review also found that respondents were concerned about the quality of employment support offered in ESA WRAG, with many commenting that the quality is low and does not meet their needs. This led several respondents to use part of their WRAG payment on training programmes, which should be provided as part of the employment support offered to people in the WRAG.

### **Impact of losing the additional money that comes with ESA WRAG on claimants**

24. The Review, in line with organisations such as the Equality and Human Rights Commission, has noted that the Government's impact assessment of the removal of the ESA WRAG component is lacking in depth and quality.
25. The Government cites a report from the OECD highlighting a link between reductions in benefits and returning to work, but on analysis this Review found that report does not mention disability, nor does it take into account that people in the WRAG are assessed as having 'limited capability for work'
26. The assessment published alongside the Bill does not consider the impact of the ESA WRAG reduction on disabled people, or likely additional costs to the NHS and social care services as a result of reducing the incomes of sick and disabled people. This Review found that changes are likely to impact on other public services and benefits.
27. The overwhelming response from organisations and individuals who answered this question was fundamental disagreement that reducing the ESA WRAG payment would incentivise sick and disabled people to move closer to work.
28. In fact respondents argued that the reduction would hinder, not help them take steps toward work. Many described the anxiety and stress that would entail from being pushed further into debt and poverty. Being consumed by these concerns would compound health (often mental health) conditions, meaning they would be less able to take part in work related activity or look for work.
29. Other respondents spoke of very practical issues that a reduction in income would bring about. This included not being able to afford broadband and telephones, which are critical tools in taking steps towards work. Others said they would struggle to attend work-focused interviews, work experience and volunteering placements due to being unable to afford travel costs.

30. This was backed up by survey data from the Disability Benefits Consortium, which found nearly half of the 500 respondents said that such a reduction would mean them getting into work later rather than sooner.

### **Looking forward**

31. The Review proposes that if the Government is to support more people in the ESA WRAG into employment, which would in turn help it to reach its welcome ambition of halving the disability employment gap, it will need to improve the support provided for this cohort.
32. Respondents made it clear that what they or the people they represent need is more personalised and individually tailored back to work support. Respondents submitted a number of good practice examples of tailored support which the Government may find helpful to look at in more detail.
33. In addition many respondents highlighted that more work needs to be done with employers. This should include more support for employing disabled people, raising awareness about the support available, free occupational health advice, work plans, and addressing any fears employers may have.

### **Conclusions**

34. The Review concluded that there is no relevant evidence setting out a convincing case that the ESA WRAG payment acts as a financial disincentive to claimants moving towards work, or that reducing the payment would incentivise people to seek work. In fact, many claimants and organisations are deeply concerned by the notion that ESA WRAG claimants could be incentivised to go into work when they have been found to be too ill to work.
35. The Review also outlines how the proposed reduction in the financial support to this group is likely to move them further away from the labour market rather than closer.
36. The Review asks the Government to halt its proposed change to ESA WRAG and instead focus on improving back to work support by ensuring it is personalised, tailored and meets individuals' needs.

### Recommendations

1. Reverse the removal of the ESA WRAG component and the equivalent payment under Universal Credit as proposed in the Welfare Reform and Work Bill.
2. Conduct a thorough impact assessment of the proposed changes to the ESA WRAG, taking into account the impact this measure would have on disabled people, their families, carers, the NHS, local authorities and other DWP benefits.
3. Provide more disability employment advisers to support claimants in the WRAG to move towards work.
4. Provide more training in disability and health for general job centre advisers.
5. Ensure that the Work and Health Programme, announced in the 2015 spending review, is developed in collaboration with disabled people and disability organisations, in order to ensure that it is a tailored and personalised employment programme for people in the WRAG.
6. The new Work and Health programme should consider the use of new reward and commissioning structures to enable greater employment outcomes for people in the ESA WRAG.
7. Review the current use of conditionality and sanctions for this cohort and attempt to reduce levels of fear and anxiety within the benefits system.
8. Fundamentally redesign the Work Capability Assessment, focusing on a holistic approach which understands the barriers to work people face and ensuring this information is used to provide appropriate support.
9. Work more closely with employers to increase awareness of how to best support disabled people and people with complex needs, and undertake a Review of the incentives for employers to take on disabled people and those with health conditions.
10. Take action to ensure all employers are aware of their responsibilities under the Equality Act 2010, penalising those who do not adhere to it.
11. Expand Access to Work to allow more people to benefit from the support offered, and make the administration of claims more accessible.

## 3. Introduction

1. This Parliamentary Review looks at the Government's proposal to reduce the amount of money that new claimants in the Employment and Support Allowance Work Related Activity Group (ESA WRAG) would receive from April 2017.
2. The proposal to reduce the payment for those in the ESA WRAG by almost £30 a week forms part of the Government's Welfare Reform and Work Bill. This was introduced into Parliament on 9 July 2015 and is currently being debated in the House of Lords.
3. Many disabled people, charities, MPs and Peers have expressed significant concerns over the proposed reduction and the impact it might have on disabled people, their families and carers.
4. To explore these concerns, the Independent Crossbench Peers, Lord Low of Dalston CBE, Lady Meacher and Lady Grey-Thompson DBE undertook a Parliamentary Review (the Review) to gather the views of disabled people, their families and carers, and interested organisations, and report on the findings.
5. The review was supported by a secretariat of seven charities: Leonard Cheshire Disability, Mind, MS Society, National Autistic Society, RNIB, Royal Mencap Society and Scope.
6. It has been the assertion of Ministers that the ESA WRAG component (the £30 a week) acts as a 'disincentive' for individuals to seek work and that removing it would result in more disabled people moving into work.
7. This has been disputed by disability charities and many politicians across the political spectrum who believe the barriers to work are complex and have pointed out that those in the ESA WRAG have been found 'unfit for work'. The focus, these organisations believe, should be on how to better support disabled people into work and on ensuring that the right people are placed into the ESA WRAG.
8. Given this difference of opinion, this Review sets out to explore in detail whether or not the proposed reduction of £29.05 a week will help or hinder the Government's aim of increasing the number of disabled people in work. It also wants to understand the impact that having less money will have on disabled individuals going forward, for example how it will affect their health, their ability to cover daily living costs and finance their search for work.
9. The Review starts by providing some background and context into which the proposed changes are born by outlining an overview of the economic situation of disabled people and the barriers they experience to accessing work (Chapter 5). It then moves onto outlining the history of the ESA WRAG, exploring its purpose, and providing an insight into the assessment process and sanctions policies associated with it (Chapter 6). Chapters 8, 9 and 10 present the findings and an analysis of the findings from the consultation, concluding with recommendations (Chapter 11).

## 4. Methodology

1. The Review adopted a three-stranded methodology for gathering evidence, comprising:
  - a review of relevant legislation and publications
  - distribution of a formal call for written evidence
  - oral evidence sessions.

### 4.1. A Review of relevant legislation and publications

2. The following documents were reviewed:
  - relevant legislation, including the Welfare Reform and Work Bill currently before Parliament;
  - Employment and Support Allowance conditions, legislation and guidance;
  - previous reports on disability and employment, including reports looking at the proposed removal of the Work Related Activity Group component from people claiming ESA who are deemed to have limited capability for work;
  - Parliamentary questions and debates on the proposed removal of the ESA WRAG component from people who are unfit to work.

### 4.2. Written submissions to the Review

3. A consultation period was given for written submissions. The consultation began with a formal call for evidence on 22 October 2015 and closed at midnight on 15 November 2015.
4. Submissions were invited from disabled people and any organisation with an interest in policy around ESA, including those representing individuals affected. An Easy Read version of the call for evidence was also published. The call to evidence was available in two separate formats; one for organisations and one for individuals.
5. The call for evidence contained four questions:
  1. What is your evaluation of the support people receive on ESA WRAG? For example the payment they receive and/ or the support that they are offered, such as training or work skills, and whether this helps them move closer towards employment.
  2. What would be the impact of the Government's proposal to reduce the ESA WRAG payment on claimants/families?
  3. Would there be an impact on people's ability to look for work if the amount of money was reduced? What do you think this impact, if any, would be?
  4. What further support should be made available to help people in the ESA WRAG move towards employment that isn't currently available?
6. Submissions from individuals could be made anonymously. Any material that could be attributed to individuals or allow them to be identified was anonymised before publication.



7. We received 30 responses from both national and local organisations. In addition, we also received around 180 responses from individuals with 140 responding to question 1, 178 to question 2, 150 to question 3 and 168 to question 4.
8. The Review had hoped for more contributions from local authorities and local employment support services. However, responses from these groups were limited, most likely due to the short consultation period dictated by the urgency of the Review.
9. All written submissions were analysed by the Review secretariat, and responses were thematically coded.

### **4.3. Oral submissions to the Review**

10. The Review also conducted two oral evidence sessions – one for organisations and a second for individuals to give evidence. The evidence sessions took place on 23 November 2015 in the Houses of Parliament.
11. Invitees to submit oral evidence were chosen by the secretariat and Lord Low to represent the following groups:
  - Individuals with direct experience of receiving ESA
  - Disability Charities and Disabled People's Organisations
  - Mental Health Organisations
  - Health Organisations
  - Local authorities and devolved administrations
  - Government representatives
  - Other charities that showed an interest.
12. Some invited to present oral evidence were unable to attend. Appendix 1 includes a full list both of organisations who were invited to give oral evidence, and a list of those that subsequently did so.
13. The Review is grateful to everyone who took part in the call for evidence. In particular the Review would like to thank all those who shared their personal experiences and insights.

## 5. Disabled people and employment

### 5.1. Current employment and economic situation of disabled people

1. Disabled people in the UK are more likely to be unemployed than non-disabled people, and unemployment and economic inactivity figures for this group have remained stubbornly high for many years. Most recent figures show that:
  - 45.5% of disabled people are currently economically inactive, compared to 17% of non-disabled adults. Economically inactive people are those who are not in work, but who do not satisfy all the criteria for unemployment (wanting a job, seeking in the last four weeks and available to start in the next two).<sup>[1]</sup>
  - 11% of disabled people are currently unemployed (actively seeking work), compared to 5% of non-disabled adults
  - 48.5% of disabled people are currently employed, compared to 78.8% of non-disabled adults.<sup>[2]</sup>
2. Employment rates vary vastly across impairments. People with depression, anxiety and severe learning disabilities find keeping and finding a job the hardest. Just 7% people with a learning disability known to social services and 10% with mental health problems are in paid employment<sup>[3]</sup>. Additionally, only one in three of registered blind and partially sighted people of working age in the UK are in paid employment and this group is five times more likely than the general population to have had no paid work for five years.
3. In addition, disabled people are much more likely to work part-time than non-disabled people (50% compared to 29%).<sup>[4]</sup> They are also much more likely to be in lower paid jobs. 16% of disabled people with level three qualifications are in low paid jobs, compared to 13% of non-disabled people. 41% of disabled people without level three qualification are in low paid jobs, compared to just over 35% of non-disabled people.<sup>[5]</sup>
4. As a result, disabled people are much more likely to live in poverty. 31% of disabled working-age adults live in poverty compared to 20% of non-disabled adults. 33% of families with a disabled person in the household live in poverty<sup>[6]</sup>. However, it has been suggested that once the additional costs of disability are taken into account, poverty figures are likely to be much higher.<sup>[7]</sup>
5. Disabled people are more likely than non-disabled people to have taken out a loan to pay bills (14% compared to 9%) and to make ends meet (15% compared to 7%).<sup>[8]</sup>

## 5.2. Barriers to accessing employment

6. It is widely accepted that disabled people face many barriers to accessing work. These range from societal barriers, such as employer attitudes, to personal barriers including lack of confidence.

### Barriers to employment for disabled people

- Employer attitudes
- Health condition, illness or impairment
- Lack of job opportunities
- Anxiety/ lack of confidence
- Difficulty with transport
- Lack of qualifications/ experience/ skills

Extract from Office for Disability Issues, Fulfilling Potential, technical appendix, table 5.2

7. Overall the most frequently reported barriers for unemployed disabled adults are a lack of job opportunities (26%) and their health condition or impairment (25%). When looking at those who are considered to be economically inactive, the percentage quoting their health condition or impairment rises to 70 percent.<sup>[9]</sup>
8. The barriers affecting an individual vary widely, depending on the individual's disability. For example, unemployed people with a speech impediment were much more likely to quote lack of confidence as a barrier (26%) than those with mobility issues (13%). Difficulties with transport, (although a big concern for all unemployed disabled people) were considered to be particularly difficult for those with speech impediments (56%) and behavioural/ intellectual and memory problems (56%).
9. As this clearly shows, barriers to employment are very personal and often multi-faceted.

## 5.3. What support is currently available to disabled people and those with health conditions wanting to move into work?

10. This section outlines some of the support that disabled people and those with health conditions may receive, both in and out of work. This is important context to the discussion of ESA WRAG, as many people in the WRAG may receive some of this support, either now or potentially in the future. Comment and critique of this support is based upon evidence received and is provided in later sections.

### 5.3.1. Access to Work

11. Access to Work is a Government scheme that anyone with a health condition or disability can apply for. Access to Work provides practical and financial support for disabled people in work, or starting a new job. This includes employment, self-employment, work experience placements and apprenticeships.
12. Decisions are made on a case-by-case basis and therefore Access to Work applicants do not have to be in receipt of ESA to qualify. However, many people in the ESA WRAG moving into employment would benefit from support provided by Access to Work.
13. Access to Work pays for a wide range of support for disabled people. Examples include support workers, equipment adaptations and payments to help with travel for people who can't use public transport. Without this support, many disabled people would be unable to work.

### 5.3.2. Jobcentre Plus, Work Choice and the Work Programme

14. Claimants are offered back-to-work support by the DWP with the aim of helping them move closer to employment. Support is offered through three different routes:
  - 1. Jobcentre Plus – offering commissioned and in-house support through work coaches
  - 2. The Work Programme – the Government's flagship back-to-work scheme, a payment-for-results welfare-work-work scheme<sup>[12]</sup>
  - 3. Work Choice – a voluntary employment programme specifically designed for disabled people with more complex issues.

### 5.3.3. Disability Employment Advisors

15. Disability Employment Advisors (DEAs) are specialist advisors based in job centres. They offer specialist advice to disabled people and those with health conditions and have a greater understanding of disability and health conditions than standard job centre advisors.

### 5.3.4. Disability Living Allowance and Personal Independence Payments

16. Disability Living Allowance (DLA) and its successor, Personal Independence Payment (PIP), is a disability benefit designed to pay for the extra costs caused by having a disability or health condition. PIP was first introduced in 2013 for new claimants. Existing DLA claimants are currently being transferred to PIP. Eligibility for PIP is determined by the DWP, following an assessment with one of its contractors. This can be a paper-based assessment or, for the majority of people, a face-to-face assessment with a health professional.
17. According to a DWP survey of disabled working age benefit claimants, only 50% of people in the ESA WRAG are also in receipt of DLA or PIP<sup>[11]</sup>.

## 6. What is the ESA WRAG?

### 6.1. History

1. ESA was first introduced in October 2008 for new claimants, replacing three older benefits. These were: Incapacity Benefit, Severe Disablement Allowance, and Income Support paid because of illness or disability. People in receipt of these three benefits started to be reassessed for ESA in 2011.

### 6.2. Purpose

2. ESA is an out-of-work benefit paid to ill or disabled people who are unable to work. It is there to provide:
  - Financial support if someone is unable to work;
  - Personalised help so that someone can work if they are able to.
3. The DWP have previously stated that ESA was designed to help claimants “to achieve their full potential through work and to help them to gain independence from benefits”.<sup>[12]</sup>
4. There were 476,500 claimants in the ESA WRAG in May 2015.<sup>[13]</sup> Reasons as to why people are placed in the ESA WRAG vary but official statistics show that 50.5% of claimants are in the ESA WRAG because of ‘Mental and Behavioural Disorders’, which are primarily: Mental health problems, learning disability or autism. A full breakdown of the different conditions as experienced by people in the ESA WRAG is detailed in Appendix 3.

### 6.3. Types of ESA

5. If a claimant is found to have ‘limited capability for work’ after an assessment, they are placed into one of two groups. First is the work-related activity group (WRAG). This is for people who have limited capability for work, but who can take part in work-related activity with a view to moving towards employment in the future. This activity can include work-focused interviews and training courses, for example. Claimants can be referred to the Work Programme or Work Choice. This work-related activity is mandatory and sanctions can be applied if the claimant does not complete it.
6. The other group that people can be placed in is the support group. This group is for people who both have limited capability for work, and limited capability for work-related activity. No conditions are placed upon people in this group, although they can voluntarily access some training if they wish. The support group is not being directly addressed in this Review, although some people who submitted evidence have experience of being in the WRAG and support group and their experiences are reflected here.

### **6.4. Length of time in the ESA WRAG**

7. The extra money individuals receive is provided as recognition that they are likely to be unemployed for a longer period of time than those receiving Jobseeker's Allowance. Once out of the workplace, disabled people can find it much more difficult to return; 10% of unemployed disabled people have been out of work for five years or more, compared with just 3% of the non-disabled population.<sup>[14]</sup>
8. According to one of the people who designed ESA, Professor Paul Gregg, the typical duration that claimants were expected to be in the WRAG was two years<sup>[15]</sup>. Currently, roughly 60% of people do spend approximately two years in the ESA WRAG. This compares with 60% of people spending roughly six months on Jobseeker's Allowance (oral evidence submitted by Mind).

### **6.5. Assessment process**

9. The majority of ESA claimants have a face-to-face assessment with a Maximus health professional, although some decisions are able to be made on the basis of paper evidence alone. The assessment report, with the application form and any additional evidence, is returned to the DWP where a decision-maker decides whether the claimant is entitled to ESA and, if so, which group they should be in. The policy aim was for all claimants to regularly undergo this process, to assess whether their condition has improved or become worse and to adjust their entitlement where necessary.

### **6.6. Conditionality in the ESA WRAG**

10. Work-related activity and work-focussed interviews are mandatory for claimants in the ESA WRAG. If a claimant fails to undertake this activity without a good reason they could be sanctioned. This involves the removal of part of their ESA payment for a certain amount of time. The length of the sanction may increase each time the claimant is sanctioned.

## 7. What changes to ESA WRAG are proposed in the Welfare Reform and Work Bill?

1. The Welfare Reform and Work Bill proposes to abolish the WRAG component for new claims for ESA from April 2017 (clause 13). This will reduce income for those qualifying for the WRAG by £29.05 per week. Existing claimants will be protected but will be affected should they move into work and then return to claiming ESA WRAG.

### 7.1. Context of Government proposal

2. This Review believes that changes to ESA WRAG must be understood in the wider context of reductions and changes in social security, on which disabled people and those with health conditions rely. Since 2010, there have been a number of changes that have meant those relying on social security face big challenges going forward.
3. Since 2010 the following changes have been introduced:
4. **Council Tax Benefit** - In 2012, the Government moved to localising support for council tax, on a cash-limited basis, enabling local authorities to decide who should be receiving support with paying their council tax. This has meant that some disabled people are now paying council tax contributions who would not have paid anything in the past.
5. **Extension of size restrictions to the social rented sector Spare room subsidy** – As part of the Welfare Reform Act 2012, changes to Housing Benefit entitlement were introduced. Those living either in social housing or a housing association home, and who had more bedrooms than they were entitled to, were to pay an additional amount of rent going forward; 14% of the rent eligible for housing benefit where there is entitlement for one additional bedroom, and 25% for two or more bedrooms, was removed from the calculation, reducing HB payable by anything from 14% to 100%.
6. **DLA/ PIP** – The Welfare Reform Act 2012 also introduced a new replacement benefit for the Disability Living Allowance, PIP. Unlike DLA, PIP only has two rates of the former care (now daily living) component. It has been estimated, that by the time PIP is fully rolled out, 600,000 fewer people<sup>[16]</sup> will receive the benefit than would have done under DLA. In addition, as part of the changes the ‘50 metre rule’ was replaced by a new ‘20 metre rule. Government projections have shown that 428,000 fewer people will qualify for the enhanced mobility rate under PIP by 2018<sup>[17]</sup>.
7. **Benefit Cap** – In addition to all of the above, the Welfare Reform Act 2012 also introduced a maximum level of benefits that an individual, couple or family could receive. Households including someone on DLA/PIP were exempt from the cap. However, households including someone in the ESA WRAG who does not receive DLA/PIP, are still affected.

8. In addition to the changes resulting from the Welfare Reform Act 2012 and other legislative changes from that period, the current Welfare Reform and Work Bill, which includes the proposal to remove the ESA WRAG component, also introduces a number of other changes that are likely to affect disabled people and those with health conditions.
9. **Benefits Cap** – further reductions - The Welfare Reform and Work Bill proposes to reduce the level of the Benefit Cap further to £20,000 for couples and lone parents and £13,400 for single claimants apart from in Greater London where it will be set at £23,000 and £15,410 respectively.
10. **Benefit freezes** – The Welfare Reform and Work Bill proposes to freeze a range of working benefits including, Tax Credits, Housing Benefit and the basic rate of the Employment and Support Allowance for the next four years.
11. **Universal Credit** - introduced in the Welfare Reform Act 2012, Universal Credit aims to combine several benefits into one. These include: Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, Employment and Support Allowance, and Income Support. It is being rolled out in stages, based on where claimants live and their personal circumstances. The equivalent to ESA WRAG under universal credit is the 'limited capability for work' payment, and the changes to ESA WRAG will also affect that payment.



## 8. What does the ESA WRAG provide for claimants?

1. This Review asked individuals and organisations what the current situation is for people in the ESA WRAG, both financially and in terms of support provided for people to move back to work. 140 individuals and 30 organisations responded.
2. The vast majority described difficulties living on the payment they receive, and the impacts on their health. They also highlighted that the employment support offered is often of a low quality or does not meet the needs that they have relating to their disability or health condition.

### 8.1. Financial support

3. As discussed in chapter 6.4, the extra money individuals receive is provided as recognition that they are likely to be unemployed for a longer period of time than those receiving Jobseeker's Allowance. That standard support currently stands at £102.15 per week once a person has had their WCA and has been placed in the WRAG.
4. The Disability Benefits Consortium recently conducted a survey of disabled people who are currently in the WRAG. They summarised the key findings in their submission to this Review:
5. **“In a survey of over 500 disabled people who have received ESA, almost 6 in 10 (57%) said that the amount they currently received was not enough to live on. As a consequence, almost a third (28%) couldn't afford to eat, over a third (36%) have been trapped in their house as they couldn't afford a taxi, over a third (38%) have been unable to heat their home (38%) and just over half (52%) have struggled to stay healthy.”**
6. Written evidence submitted by Mind also addresses the same points:
7. **“People with mental health problems tell us that they use the ESA WRAG for essentials such as heating bills and food, travelling to health appointments, travelling to see friends and family, membership to leisure centres, paying for talking therapies and employing help in the house, for example help with organising bills and finances. All of these activities are essential to enable people with mental health problems to stay well, by facilitating social contact, alleviating some anxiety and stress, and in many cases, to pay for treatment for their mental health problems.”**
8. These submissions reflect responses from other organisations and individuals. The vast majority of people said that they spend their money on; food, heating, bills, housing, transport, finding employment, and supporting their health. People repeatedly reported that they struggle to live on the payments they receive, and experience worry and anxiety which often makes their health condition or disability worse.

### 8.1.1. Financial hardship

9. **“I need the money I get to pay my bills that have gone up due to other welfare cuts such as council tax and to buy food and health care items and to travel to hospital appts and my job centre interviews since they are no longer refundable. I barely have enough money to last from fortnight to fortnight.” – (Individual response)**
10. This response is typical of the majority received, with most people saying they currently face some form of financial hardship. Struggling to cope week to week was a very common theme, for example:
11. **“During my time in the WRAG I had no other sources of support, I have no family, and am in my fifties, I used the money to pay for basic food supplies, I don’t drive or have a car so I had to keep in a basic stock of food nothing fancy but enough to last a week, I had to pay an amount to council tax, and electricity and gas, I tried to be as frugal as possible... It was very difficult.” – (Individual response)**
12. Some people also reported that they had to make a choice between which essentials to pay for. In the following response, the choice was between food for the claimant or their family:
13. **“The £102 I receive a week goes on food, heating and electric for me and my children, well I say food for me, most of the time I go without to feed them.” (Individual response)**
14. Other responses described people not being able to afford to buy clothes, or to pay for transport to leave their house, for example:
15. **“All monies of £408 per month are used on household bills and the remainder on food and any travel, home maintenance, clothing and to contribute to other outstanding debts which is very little or none at all leaving me in an impossible position. Because of this I have mental health problems to which I am having help with as well as being on long term mood stabilising medication to help with depression and anxiety attacks, due to money and debt problems.” - Individual response**
16. As outlined in chapter 5 DLA and PIP are disability benefits designed to help pay for the extra costs associated with having a disability or health condition. Nevertheless, a number of responses discussed using ESA to pay for expenses that DLA or PIP should pay for. These included extra heating and travel costs. Therefore, ESA is used by many people to pay for extra costs that non-disabled people do not face. This response specifically highlighted that:
17. **“I am on high rate care and mobility elements of DLA, and the ESA helps to pay for aids and care at home as the DLA does not cover all the costs.” (Individual response)**
18. It should also be noted that 50% of people in the ESA WRAG are not in receipt of DLA or PIP.

19. RNIB discussed why DLA/PIP is no substitute for the WRAG payment, and why the WRAG payment should be higher than the amount that people receive on JSA:
20. **“It will not do to argue, as some have, that Personal Independence Payment (PIP) can substitute for the reduced WRAG payment. The additional sum (just under £30 per week) paid to an ESA claimant in the WRAG, compared with the JSA rate, is designed to reflect the additional costs of being on a very low income for a longer period than would normally be the case for a non-disabled person. In other words, clothes and essential consumer goods wear out and need replacing, while a very low income means that building up savings is not practicable. PIP, on the other hand – for those who qualify – is designed to recognise the additional costs of disability, such as transport, paying someone to do the shopping, or abnormal wear and tear on clothing. It is important not to confuse the two purposes.**
21. **“Of course, some claimants may in practice use their ESA WRAG component partly to meet the extra costs of disability and some may spend their Disability Living Allowance or PIP on expenses arising from a lengthy period on a low income, but the purposes of the two payments complement each other and many disabled people will need both to get by.”**
22. Very few responses to this question implied that the respondent was not facing some form of financial hardship. Even most of those who were able to pay for work-related courses or their own support, discussed below, indicated that finances were a struggle.

### 8.1.2. Support for health

23. People are placed in the WRAG because of a health condition or disability. It is therefore reasonable to expect that the money people receive should support them with their health condition or disability, either to get better or manage their condition effectively. It is also reasonable for people to expect that their condition does not deteriorate due to a lack of financial support. The evidence submitted to this Review has shown that being in the WRAG has actively worsened many claimants' health conditions or disabilities.
24. The National Aids Trust (NAT) made this submission to the Review:
25. **“Adherence to treatment is much more difficult for those on low incomes. A major study (ASTRA) of treatment outcomes in people living with HIV in the UK found that patients who were not in employment, and those who say they do not have enough money for their basic needs, are much more likely to experience virological rebound than their peers.**
26. **“This is echoed in regular feedback NAT receives from HIV clinics and support agencies, that financial hardship is one of the major barriers to effective treatment. HIV clinicians have in recent years started prescribing food supplements to patients who would otherwise not get enough nutrition to take their treatment correctly. The psychological impact of poverty also undermines ability to maintain a daily, lifelong treatment regime.”**
27. When placed in the context of the previous section, which highlighted that some people in the WRAG are unable to afford to eat properly, concerns are raised about whether people

- living with HIV/AIDS are able to adhere to their treatment regimes properly.
28. Macmillan also highlighted the problems that people with cancer face, many of whom are in the WRAG:
29. **“Macmillan’s research shows there are already 400,000 cancer patients struggling to pay vital house hold bills and credit commitments because of the additional cost of their disease. Four in five people are financially affected because of their cancer, and are on average £570 worse off each month.”**
30. Many of the individual respondents also commented on health problems they face and the problems that they have as a result of being in the ESA WRAG.
31. **“The changes to welfare have increased my anxiety levels, and have indeed made my illness worse, as I worry every day that I will get a letter through the door saying my money to survive will be stopped.” - Individual respondent**
32. The most common health impact cited by claimants was on their mental health. Almost half of ESA claimants have either a mental health problem or learning disability as their primary condition. Constantly living in fear of losing money, or becoming more anxious over time as to how to pay for essentials, was a theme in many responses.
33. **“I need my benefits to live. I live in constant terror of losing my benefits, I have a child to support. Subsequently my mental health (schizophrenia) is not improving.” Individual respondent**
34. When providing oral evidence to the Reviewer, Action on ME referred to a survey of people with ME, saying:
35. **“Our research showed that 66% of people with ME had a deterioration to their condition (while in the WRAG)”**
36. Some people commented positively on how they have been able to use their ESA WRAG payment to help their health condition improve, or manage their disability more effectively.
37. **“I am in the WRAG because I am disabled and not fit to work. The money pays for essential living costs, and to stay in my home. It makes life bearable and to battle against the anxiety that is part of my condition. I have been able to do a couple of modules each year to work towards finishing my degree in psychology, and this has been considered as work related activity by the local job centre... this has in turn helped my mental health and given me contact with the outside world that I would not have otherwise had.” - Individual respondent**

### 8.1.3. Supporting social activity

38. Being a part of society is a vitally important part of a person’s life. Being isolated and unable to afford to leave their home or take part in activities can adversely affect a person’s health, especially their mental health.
39. Many respondents highlighted how important social activities are to them, especially in the context of helping their health condition or disability, and how the WRAG has supported access.

40. **“I use my money to help build my confidence around people. I go to Mind and participate in groups every week which all require a £3 payment per session. I have to get a taxi most of the time because of my anxiety but sometimes I can catch the bus if I’m feeling very good. I also have been doing some online courses to build some skills which cost about £50 each.” - Individual respondent**
41. This response shows how vital the WRAG payment is to people when trying to improve their health and learn new skills. This is particularly important for people with mental health problems. Oral evidence from Mind stated that 75% of people with mental health problems currently get no support from the NHS and have to pay for this themselves. The money that some people get from the WRAG allows them to do this. However, ESA WRAG claimants should not find themselves in the position of having to use their payment for services that the NHS should provide.
42. **“I use the money to live, to be honest, the basics of life, also to pay for my mental health art group I attend twice a week, which is a lifeline to me.” Individual respondent**
43. Without this money from the WRAG, many people would be isolated and may not get the support that they need. Even if people with health conditions or disabilities have other support from DLA/PIP, or their local authority, that support is often not enough to cover more than food, heating and basic care. If indeed it does cover that. Scope’s Extra Costs Commission reported:
44. **“Life costs you £550 more on average a month if you’re disabled, but the support to cover these costs - Disability Living Allowance - is only £360 a month.”**
45. Without the WRAG payment, some people would be unable to do basic things such as leave their home, for example:
46. **“My money is mainly spent on getting out in the community with the support of my support worker and sometimes doing courses and getting out of house with my support groups run by a mental health charity. Money is also spent on bills and getting me out. If didn’t have that money I probably wouldn’t leave the house” - Individual respondent**

#### 8.1.4. Summary

47. The level of financial hardship experienced by many people in the ESA WRAG is concerning. It is worth remembering that people are placed in the group because of an existing illness or disability. For those with health conditions that can improve, there is evidence that WRAG payments can help with this. However, the majority of responses discussing health stated that even the current ESA WRAG payment was too low to help pay for essentials. This often led to the worsening of their condition and their mental health. The stress and anxiety attached to claiming also made many respondents’ conditions worse.
48. Social activity is key to support. It is clear from the evidence that WRAG payments provide a vital lifeline for many people in terms of being socially active. However, the financial hardship experienced by many clearly has a negative impact on this.

49. If the Government's aim of halving the disability employment gap is to be realised, people in the WRAG need to move into employment. Therefore, providing enough financial support to enable people to manage their condition or disability is essential to allow them to do this. For many, this is not the reality.

### **8.2 Support to find employment**

50. The ESA WRAG is designed for people with 'limited capability for work', but who are able to undertake 'work related activity' to prepare for work or move towards being able to work. Therefore, the financial and practical support provided for the claimant to move towards employment is an important consideration.
51. This Review asked respondents what they thought of current back-to-work support and whether it was working or not. Many individual and organisational responses commented on the support offered to claimants both directly via job centres and work coaches, and indirectly through WRAG payments.

#### **8.2.1. Financial**

52. Several respondents use part of their ESA payment for courses and training. For some, this has led to volunteering opportunities and could lead to paid work, evidence that the financial payment in the WRAG can enable people to move towards work. This respondent explained what they spend some of their WRAG payment on:
53. **"...on courses, this has enabled me to use my computer skills in volunteering and Mental Health Service User involvement. This could eventually lead to paid work." - Individual respondent**
54. While this a positive use of the payment for those who can afford to, it is concerning that some people feel the need to spend their WRAG payment on training or courses at all. A fully supportive and effective system for those in the WRAG should provide these opportunities.

#### **8.2.2. Work Programme**

55. Simon Francis, a former civil servant working in the DWP's central employment policy team until last year, now an advisor at Goals UK, gave the following oral evidence to the Review:

#### **"The Work Programme doesn't work for this group (those in the WRAG)"**

56. This statement, from an employment expert and former DWP policy lead on employment, succinctly sums up the majority of organisational and individual responses not just about the Work Programme, but about the employment support offered more generally.
57. This is reinforced by evidence submitted by the Royal National Institute of Blind People (RNIB) which stated:

58. **“1,010 blind or partially sighted people were enrolled onto the Work Programme between June 2011 and March 2014, yet it helped just 60 (approximately 6%) into paid employment... In contrast, 2,830 people whose primary disability was described as “visual impairment” were referred onto Work Choice between April 2011 and March 2015. Of those, 2,070 started on the programme and 840 (approximately 40%) have achieved a job outcome.”**
59. Evidence submitted by Rethink Mental Illness shows similar outcomes for the Work Programme:
60. **“Figures from the Department for Work and Pensions (DWP) show that only 8% of ESA claimants with mental health problems who were referred to the Work Programme had been helped into work, compared to the 24% referred without a health condition. It is evident therefore that the current support in place is not suitable, with many people let down by a lack of mental health expertise in back-to-work support services.”**
61. The gap between the employment rates for disabled and non-disabled people has remained stagnant for more than a decade.<sup>[18]</sup>
62. The generic work programme is not succeeding in getting disabled people into work. After a year on the Work Programme, only 8.7% of new ESA claimants and 4.3% of other ESA/ Incapacity Benefit claimants have had a job outcome. ESA claimants are an increasing proportion of Work Programme participants, rising from 3% when the scheme was first introduced to a little over a quarter in March 2015.<sup>[19]</sup>
63. The majority of individual responses discussing the Work Programme mirror this. For example:
64. **“I have no support at all, I spent two years on the Work Programme with four different advisers which amounted to nothing really, I now have to attend the Jobcentre as and when they call for me, I have had two visits so far and have been placed on the Universal Jobsearch site which I access weekly. No incentive for training has been explored.”- Individual respondent**
65. **“I’ve been sent on an inappropriate course...” - Individual respondent**
66. By contrast, Work Choice has a higher success rate. People referred to Work Choice between April-September 2014 had a job start rate of 52.3 per cent by March 2015<sup>[20]</sup>. However, it is small in scale and poorly targeted: only 17 per cent of referred customers claim Employment and Support Allowance.<sup>[21]</sup> Work Choice provides voluntary, personalised and flexible support which takes into account all the barriers to work that a disabled person may face and has specialist advisers who deal with smaller caseloads.

### **8.2.3. Jobcentre Plus Support**

67. Most people in the WRAG are not on the Work Programme and receive support from job coaches in the job centre. The issues highlighted above are not isolated to the Work Programme, as these responses highlight:

68. **“The job centre have sent me to various people with a view to getting me back to work, but none of them understand PTSD or the limitations of depression added to a stressful life.” - Individual respondent**
69. **“The help on the ESA WRAG has been little or poor in getting any type of work despite my best efforts both through the job centre as well as me applying for jobs on the government job websites.” - Individual respondent**
70. There are people in the WRAG who can move towards work with the right support, and are actively trying to get that support, such as this person with autism who gave oral evidence to the Review:
71. **“I got no support from the job centre... It was like hitting a brick wall... My advisor doesn’t help at all. [I received] no help to get into work... I don’t want to be on ESA, I want to be in employment. But it’s hard because there’s no support”. (Individual oral evidence response)**
72. This sentiment also featured in the written submission from the National Autistic Society, which stated:
73. **“Our research indicates that just 15% of adults on the autism spectrum are in full time paid employment. Yet 79% of people of autistic people on out-of-work benefits want to work. However, many autistic people will need significant and long-term support to become ready to work...**
74. **We believe autistic people in the ESA WRAG have the potential to move closer to employment, but they need tailored support in order to do so. The current system does not deliver this”**
75. The support provided to people with health conditions and disabilities from job centres is often inadequate. Advisors often lack understanding of how a person’s health condition or disability affects their life and ability to work. This was often cited by respondents, for example:
76. **“I was placed in the WRAG group and the support re: finding employment was non existent. I went for an interview and was told no one would consider employing you with your physical (wheelchair user, crutches for short distances, chronic pain, damaged pelvis and spine) & mental health needs and that was where the support began & ended.” - Individual respondent**
77. **“Little support is offered they are not experts and they decide on what support I need.” - Individual respondent**
78. However, a small minority of respondents did reflect that job centre advisors understood and helped them, or at least tried to help them within the confines of the system.
79. **“I am generally left alone by my worker at my job centre. She is actually very nice and understanding. I’ve been in the WRAG group for three years now and only in the last year and a half did my advisor ask to see me. She also lets me cancel on the day if I need and she calls me instead... At one point she tried to push me into training and meetings on a course, but she could see how distressing this was and didn’t ask again.” (Individual respondent)**



80. **Recommendation: Provide more training in disability and health for general job centre advisers.**
81. While there are specialist disability employment advisors (DEAs), evidence submitted by Mencap shows that the number of DEAs is being reduced. Freedom of information requests conducted by Mencap in September 2015 show a 60 per cent reduction in the overall number of DEAs in the past three years.
82. Several respondents did mention seeing DEAs, but the vast majority did not. The majority that mentioned the job centre said that the support offered by general advisors was inadequate. This highlights the need for specialist advisors who have training in disability.
83. **Recommendation: Provide more specialist disability employment advisors to support claimants in the WRAG to move towards work.**
84. Access to Work is also available to some, as outlined in section 6. However, the Work and Pensions Committee published a Review into Access to Work in December 2014<sup>[22]</sup>. Mencap gave the following evidence:
85. **“Without Access to Work supporting them, many people would be unable to work and would instead have to claim out-of-work benefits... From problems applying initially, to issues maintaining their claims and a general lack of understanding by staff and a lack of accessibility throughout the claims process, Access to Work is often anything but easy to access.”**
86. The Work and Pensions Committee came to the following conclusion about Access to Work when they published their report:
87. **“The Committee concludes that AtW is an important element of specialist employment support for disabled people but finds that Department of Work and Pensions (DWP) staff are failing to understand the needs of some disabled people... The Committee also highlights weaknesses in DWP’s administration of the programme: a newly established centralised call centre was poorly implemented and does not currently meet the needs of many disabled service users; and a reliance on outmoded paper-based processes often leads to a slow and cumbersome service.”**
88. While Access to Work support is widely regarded as good quality once someone receives it, the difficulties with the application and on-going administration make it difficult for many people to apply and continue to receive support. There is also a relatively small number of people currently in receipt of Access to Work and awareness of the scheme seems relatively low. Many people on ESA WRAG would benefit from the support provided by Access to Work but it cannot currently be assumed that people in the ESA WRAG will be able to obtain Access to Work.
89. **Recommendation: Expand access to Work to allow more people to benefit from the support offered, and make the administration of claims more accessible.**

#### **8.2.4. Other issues**

90. Many responses indicated that the WRAG is too wide in terms of the range of people it supports. While many people want to work and can move towards employment

with support, others who are placed in the WRAG have little chance of moving into employment because of their health condition or disability. Intensive support may help some, the lack of which was described above, but not others. This response highlights the issue:

91. **“I am in WRAG and currently receive no support, my last WFI (Work Focused Interview) was in Feb 2013 and the first words were the same as the other two WFIs “I should be in the support group!” Within 30 minutes of me taking my morning medication I become tired and irritable, I want to hit out at anybody who says I am wrong.” (Individual respondent)**
92. This person has an advisor who understands the issues and has personalised the support. However, many people in the WRAG have unrealistic expectations placed upon them and are sanctioned.
93. There has been an increase in the number of sanctions applied to people in the ESA WRAG in recent years according to DWP figures from May 2015. In 2013, 22,579 sanctions were applied to people in the ESA WRAG. In 2014, that number rose to 36,810. This was an increase of almost 40% in just one year. Sanctions have an adverse affect on many claimants in the ESA WRAG, for example:
94. **“I’m terrified... being mandated to do pretty much anything work-related, under threat of losing benefits by sanction. The thought of losing so much money too adds to the fear.” – Individual response**
95. **Recommendation: Review the current use of conditionality and sanctions for this cohort and attempt to reduce levels of fear and anxiety within the benefits system.**
96. This issue is also partly caused by the Work Capability Assessment producing inaccurate decisions that take time to appeal. The aim of this Review is not to discuss concerns in relation to the WCA in any detail, however, respondents to the consultation made it clear that the two issues cannot be fully separated. It is for this reason that the Review has chosen to provide a brief overview of the critique that has been forthcoming in a recent report by the Work and Pensions Select Committee.
97. The Work and Pensions Committee published a report into ESA and the WCA in July 2014. Their headline finding was<sup>[23]</sup>:
98. **“The flaws in the Employment and Support Allowance (ESA) system are so grave that simply “rebranding” the assessment used to determine eligibility for ESA (the Work Capability Assessment (WCA)) by appointing a new contractor will not solve the problems... The Committee calls on the Government to undertake a fundamental redesign of the ESA end-to-end process to ensure that the main purpose of the benefit – helping claimants with health conditions and disabilities to move into employment where this is possible for them – is achieved.”**
99. The overall report contained criticism of the WCA and ESA as a whole. The committee made substantial recommendations to improve the WCA, while also outlining short and long term recommendations on improving ESA WRAG outcomes and helping more people into work. The WCA is intrinsically linked to the WRAG issue, as without a comprehensive assessment individuals may not be placed into the right group.

100. **“ESA is not properly joined up with employment support because an individual’s health-related barriers to working are not being properly assessed as part of the process. We recommend that the Government reintroduces a separate assessment of these barriers, along the lines of the Work-focused Health-related Assessment – the WFHRA – which it suspended in 2010.” - Dame Anne Begg, Work and Pensions Committee Chair, July 2014<sup>[24]</sup>**
101. **Recommendation: Fundamentally redesign the Work Capability Assessment focusing on a holistic approach which understands the barriers to work people face and ensuring this information is used to provide appropriate support.**
102. It seems clear that the majority of employment support provided to people in the ESA WRAG is, at best, inappropriately targeted and, at worst, harmful. People in the WRAG should also not be forced to use their WRAG payment on courses and training because the current provision is inadequate. To meet the Government’s target to halve the disability employment gap, much more is needed.

### **8.2.5. Summary**

103. The employment support that those in the ESA WRAG currently receive does not meet the support needs of most claimants. As a result, the Review has found that some people had to use their own money to fund courses that would help them access work in the future. Particularly worrying was also the lack of understanding of disability that some job advisers seem to present. As a result of that, as well as the issues with the Work Programme, disabled people are regularly inappropriately sanctioned.

# 9. Impact of losing the additional money that comes with ESA WRAG on claimants

## 9.1. Government assessment of impact

1. In July 2015, the Government published an impact assessment for removal of the ESA WRAG component<sup>[25]</sup>. The document sets out the Government's reason for the policy change, savings to the public purse, and an estimate of the number of future claimants who will be impacted by the change. The Review notes that disability charities were deeply concerned about the quality of the impact assessment provided. The Equality and Human Rights Commission has also set out concerns about impact assessments relating to the bill.

### 9.1.1. Reason for policy change

2. The Government's intention, as set out in the document, is to increase the number of disabled people in employment. It specifically wants to halve the disability employment gap. It sees the additional payment provided to those in ESA WRAG as problematic and states that the removal of the ESA WRAG component will:
3. **“Remove the financial incentives that could otherwise discourage claimants from taking steps back to work.”**
4. It goes on to say:
5. **“We have... created a number of incentives which can prolong the length of time an individual is out of work. The longer an individual remains out of work, the more likely ‘out of work’ behaviours are to become ingrained, unconscious ‘habits’ and become a factor hindering an individual’s return to the labour market... the disparity in financial payments could discourage claimants with potential to work from making the most of opportunities to help them move closer to the labour market. We therefore want to remove these disincentives while at the same time providing additional practical support to such claimants to help them move closer to employment.”**
6. This line of thinking was further confirmed by Lord Freud on 17 November 2015 during the second reading of the Welfare Reform and Work Bill, when he stated:
7. **“It is clear that the current system is failing claimants. Some 61% of WRAG claimants want to work but only 1% leave the benefit each month. People on ESA receive nearly £30 a week more than those on JSA, but receive far less support to move closer to the labour market and, when they are ready, into work. For new claims, the Bill will end this disparity between what people receive.”**

8. The Review notes that disability charities and disabled people in their responses to the consultation fundamentally disagree with the Government's reasoning as outlined in the impact assessment and confirmed again in the second reading. This fails to take account of the barriers to work disabled people face as a result of their condition. Many respondents also point to the lack of credible evidence to support the Government's thinking behind reducing the WRAG payment.
9. Mencap's and Scope's evidence, for example, raised concerns that the Government seems to be relying for its reasoning on an OECD report from 2005<sup>[26]</sup>, highlighting the fact that the report only deals with general unemployment, and at no point makes a specific reference to disability unemployment. It is widely accepted that disability employment is very different, evidenced by the employment gap between disabled people and non-disabled people, and from the length of time for which the gap has been stagnant (i.e. not responsive to economic cycles). In addition, Mencap and Scope were also concerned that the statement used as proof was taken out of context as the overall thrust of the report is concerned with the role of in-work benefits as an incentive. The report does not look at what level of benefit acts as a disincentive, or how this operates for wider cohorts. Its main focus is how to manage the taper off between in-work benefits and not receiving benefits so that people aren't further disincentivised once back in the system.
10. Officials have also referred those critical of the proposed change to a study by Barr et al as evidence for cutting ESA WRAG. The Government is quoting a particular section of the study, which they say suggests that cutting benefits incentivises disabled people to seek work: 'On generosity, eight out of 11 studies reported that benefit levels had a significant negative association with employment.'
11. The Review was made aware that the authors of the study noted the limitations of the conclusions that could be drawn from their study concluding that: "While there was some evidence indicating that benefit level was negatively associated with employment, there was insufficient evidence of a high enough quality to determine the extent of that effect." It even goes on to say: "Policy makers and researchers need to address the lack of a robust empirical basis for assessing the employment impact these [2010] welfare reforms".<sup>[27]</sup>
12. The Review is deeply concerned that the Government has failed to acknowledge the limitations of either of these articles, and that no wider evidence base has so far been provided.

### 9.1.2. Savings to the public purse

13. The impact assessment states:
14. **"Overall it is estimated that savings to the Government will reach £640m by 2020/21."**
15. Not included in the impact assessment, however, is an assessment of the potential additional costs to the NHS and social care services, as well as other DWP benefits that are likely to result from this policy (see section 9.2.4. for more detail). As a result, it is difficult to judge whether and how much of the predicted savings of £640 million on this particular benefit will in effect result in net savings for the overall Government budget.

### 9.1.3. Impact on individuals

16. Other than noting a financial loss, the government's impact assessment provides no information on the impact on individual claimants.
17. The impact assessment states:
18. **“No families will see a cash loss as a result of the policy. Instead those who may be affected will be those claiming ESA from April 2017 and have limited capability for work. The numbers affected are expected to build up to around 500,000 families in the longer term, using the current stock of 500,000 WRAG claimants as a proxy for the affected population. The notional loss to each family is expected to be around £28 a week, which represents around a -10 per cent notional change in net income, presented in 2019/20 prices. Someone moving into work could, by working around 4-5 hours a week at National Living Wage, recoup the notional loss of the Work-Related Activity component or Limited Capability for Work element.”**
19. Disability charities were clearly concerned about the lack of understanding as to what impact implementing this policy would have on disabled people. In relation to people with progressive conditions, Parkinson's UK explains the flaw in the financial incentive claim and the difficulty with the idea that someone can work a small number of hours to make up the shortfall:
20. **“Given that Parkinson's is a progressive condition, it is not possible to ‘incentivise’ someone to look for work, or return to work more quickly by cutting their ESA support. Parkinson's UK is particularly concerned that the impact assessment for Clause 13 of the Bill suggests that someone could ‘by working around 4-5 hours a week at National Living Wage, recoup the notional loss of the WRAG component’. This is not a realistic possibility for anyone with a progressive condition who has already been acknowledged as too unwell to work.” - Parkinson's UK**
21. This report sets out evidence that counters the Government's claim (that ESA WRAG payments are a disincentive to moving towards work), and highlights the real impact a reduction to the ESA WRAG component will have on individuals. It is not reasonable to assume that claimants in the WRAG can quickly and easily take steps towards or into employment when the very nature of their disability or illness prevents them from doing so. It is worth highlighting again that those placed in the WRAG are assessed as having limited capability for work.

### 9.2. General impact - findings from consultation

22. The Review asked individuals as well as organisations responding to the call for written evidence what they believed the impact would be on themselves or the people they represent of having just under £30 per week less to live on. 178 individual people responded to this question, as well as 30 organisations. Out of the 178 respondents, one person said that it would not affect him/her. The vast majority highlighted that it would have a deeply negative impact on their life or the lives of the people they represent.

### 9.2.1. Financial hardship

23. **“I was horrified to learn that the money I receive is due to be reduced by £30 per week. I have three children under 13 years of age and rely entirely on the money received, it’s likely that I’ll never be well enough to get out of the WRAG let alone seek employment, I already know my condition is degenerative and there’s no chance of getting any better! So a reduction of £30 per week will force my family well below any poverty line, leaving us little option but to seek help from a food bank, just so my family don’t starve! We are already struggling, we don’t live beyond our means nor go on holidays, the thought of losing more money will truly be devastating.”- Individual respondent**
24. Most individual respondents as well as organisational responses highlighted the financial impact that losing almost £30 per week would have on disabled people and their families, with many describing how much more difficult it would make their lives.
25. As section 8 of this Review outlines, ESA WRAG claimants regularly use part of the money they receive to pay bills, buy food and to cover their accommodation costs, with many highlighting that they already struggle to afford these things. Losing almost 30% of their income from ESA would mean that their situation would become even more unsustainable with many highlighting that they would have to choose between food and bills, and would also be at risk of losing their home.
26. **“The impact would be massive. I would have to make the saving on food in order to still pay for gas and electricity. This means I would, in reality, have to rely on food banks sometimes.” - Individual respondent**
27. Also of concern to respondents was the fact that, as highlighted above, the proposed reduction of ESA WRAG is not coming in isolation, but is part of a wider reduction of benefits on which disabled people rely.
28. **“A reduction in ESA of £30 per week would do enormous damage, as we already struggle to pay bedroom tax, despite an accepted medical necessity being the reason we are over-occupying as I need a separate room to avoid disturbing my carer’s sleep which would further harm her mental health.” - Individual respondent**
29. **If it gets stopped I will have no money to live on because...I’m not getting any help at the moment. There are already cutbacks with the mental health team in our area.” - Individual respondent**
30. This Review believes that concerns in relation to financial hardship are particularly worrying when put into the context of an already higher poverty rate among disabled people, as touched on in chapter 5, as well as worsening deprivation among this group, a concern that Hackney Council shared with this Review in their submission. As Disability Rights UK and Mencap have pointed out, there was a significant increase in levels of material deprivation for working-age disabled people over the last few years. Between 2007/08 and 2012/13 the mean deprivation score for working age disabled people in Great Britain rose from 1.4 to 1.7, and the gap between them and non-disabled people also widened<sup>[28]</sup>.

### 9.2.2. Social isolation

31. **“I would have to cancel my phone and internet which would make it really hard to contact people in my life who support me such as my social worker, parents and doctor.” - Individual respondent**
32. Social isolation is not a new concept for disabled people, as Mencap’s response highlights, referring the Review to the DWP publication ‘Fulfilling Potential’. The report, Mencap points out, shows that 38 percent of adults with an impairment compared to 33 percent of adults without an impairment do not spend as much time as they would like with their family, with cost being mentioned by more disabled people than non-disabled as presenting a barrier (10 percent of adults with an impairment compared to 6 percent of adults without an impairment)<sup>[29]</sup>.
33. **“I would have to give up going to the day centre and be stuck in my room all day.” - Individual respondent**
34. The concern raised by Mencap and others, including individual responses, was that the reduction in benefit would make matters even worse, limiting disabled people’s ability to socialise, meet friends and family and attend support groups even further. The National Autistic Society, for example, mentioned that ‘many autistic people face challenges with social interaction, and a reduction in payment is likely to leave them more isolated.’ This thinking was confirmed by a number of individual responses.
35. **“It would limit my ability to join trips arranged by ‘Newham Asperger’s Service’ providing a Supportive Social Group in accordance with my needs living with Asperger’s when the trip requires fares to be paid, buy refreshments, and any costs relating to the venue visiting.” - Individual respondent**
36. A large number of respondents also remarked on the fact that they would have to give up their phone or internet, as they would not be able to afford paying for it. The Review is concerned that this would further compound the issue of social isolation for those affected and increase costs, through not being able to buy goods and services online and take advantage of deals.
37. **“If I have £30 less I won’t be able to visit my family at Christmas, they live in Birmingham, I live in Leicester.” - Individual respondent**
38. Findings in this consultation are supported by the findings outlined in a recent report by the charitable organisation Sense. Research undertaken by Opinium on behalf of the organisation showed that over 53% of disabled people surveyed for the report reported feeling lonely, with this figure rising to 77% for young disabled people. 23% also reported that Government’s recent changes to social security benefits and eligibility for social care have made it harder for them to make and sustain friendships.<sup>[30]</sup>



### 9.2.3. Impact on health

39. **“My income would be so low that my health condition would deteriorate rapidly. It took me a long time to get a place where I could live and create safety and stability... to be in a vulnerable position again through risk of losing my home would mean becoming so distraught that I may end up psychiatrically hospitalised.” - Individual respondent**
40. One of the most worrying aspects emerging from this Review is the impact that reducing the ESA WRAG payment would have on the health of those affected, and the impact this would have on their ability to find work<sup>[33]</sup> (see section 9.3.1). 17 out of the 30 organisations responding to this Review’s consultation highlighted the concerns they had about the impact of this proposed reduction in benefit on the health of the people they support or represent.
41. The Review notes that organisational as well as individual responses show that the ESA WRAG as it currently stands already struggles to provide appropriate support to individual claimants to ensure that their health is not negatively affected, as has been outlined in detail in section 8.1.2. What this section shows is that things are likely to get much worse, should the changes to the ESA WRAG go ahead.
42. Those representing people with mental health issues were particularly concerned that financial hardship would have a deeply negative impact on the mental health of the group of people they represent and who are already struggling. However, this was also something raised by other organisations. Leonard Cheshire, for example, was concerned that a consultation with ESA claimants they had undertaken showed that their health would be affected as they would be extremely anxious and stressed about struggling to pay their bills.
43. Responses from a number of individuals highlighted the severity of the impact the proposed changes to the ESA WRAG could have on the mental health of some of the people affected. A small number of respondents said that the changes would lead them, or others, to consider suicide.
44. **“I think as my wife is so ill we would commit suicide.” - Individual respondent**
45. **“Homelessness and quite possibly death (Suicide).” - Individual respondent**
46. **The stress makes life - and my illness - worse, so there should be no expectation of me returning to full health any time soon. Maybe the Government hope depression will finally win and I’ll take my own life: that would reduce the welfare bill. - Individual respondent**
47. The Review was deeply concerned to hear this from respondents to the consultation and sees this as further evidence as to the potentially very serious consequences reducing the benefit could have on those affected.
48. A report was recently published, examining the link between people undergoing the Work Capability Assessment and the number of suicides and mental health problems. The article concluded that ‘the programme of reassessing people on disability benefits using the Work Capability Assessment was independently associated with an increase in suicides, self-

reported mental health problems and antidepressant prescribing. This policy may have had serious adverse consequences for mental health in England, which could outweigh any benefits arising from moving people off disability benefits.<sup>[31]</sup>

49. Another concern for a number of organisations was that individuals would choose to further reduce the spending on items that are considered to help them get better. Macmillan, for example, put forward that people undergoing treatment for cancer would cut back on heating, travel and food costs, while the MS Society was concerned that people with MS would cut back on specialist equipment, heating and food. Research undertaken by the MS Society into the impact of benefit changes on their client group found that 1 in 10 reported reducing spending on hospital appointments, medications and prescriptions as a result of changes to disability benefits. Individual responses to the Review were in agreement, confirming that people would cut back on attending support groups or medications due to subscription costs.
50. **“I do a course which is subsidised to help with my anxiety, although I have a subsidy I still have to pay a quarter of full cost and pay for some materials. I attend a support group through Rethink, but again I have bus fare to pay for... this helps with my recovery. I could not afford this without the extra money... I would not be able to support myself as well and would not be able to attend the groups that keep me well and offer support for my anxiety and ocd. Services that I attended in the past have been cut back due to cuts. It was even suggested that I might want to pay privately for support. How can I afford this?”**  
**- Individual respondent**
51. Also pointed out in this context was the link between poverty and managing a health condition. The National Aids Trust, for example, highlighted again the importance of people with HIV keeping to a strict medication regime, which it is considered is more difficult for people who do not have enough money to meet their basic needs.
52. The Review notes that the consultation findings match the findings from a recent Disability Benefits Consortium survey, which found that almost 70% of disabled people surveyed say cuts to ESA will cause their health to suffer.<sup>[32]</sup> This, in addition to the findings by the Review, shows the financial hardship that many of those entitled to the ESA WRAG component would experience. Combined with the increasing social isolation, which would result from living in poverty, this would have a deeply negative impact on the health of the people in this group.

### **9.2.4. Impact on other public services, provision and social security benefits**

53. The Review was also made aware of the impact the changes to the ESA WRAG are likely to have on other public services as well as benefits. Particularly vocal on this issue was Goals UK, which in its response to the Review said:
54. **“Key here... is the law of unintended consequences and learning lessons from the past. When the balloon gets squeezed, the problem just moves. An example of this is the clamp down on unemployed claimants in the early 1990s which resulted in a significant increase in those claiming sickness benefits. Similarly,**

**when conditionality was increased in ESA more recently many people moved in their droves from the WRAG Group to the support group. This is likely to happen again, if cuts in benefits are imposed... And if people are in the support group, they are unlikely to receive any employment support, be on benefits for a long time.” - Goals UK**

55. Family Mosaic’s response alluded to similar issues, while also raising concerns that those affected would in the future rely more heavily on food banks and lunch clubs, while the National Aids Trust put it as follows:
56. **“We fear that the cut in ESA WRAG will lead to increased demand for support not just from the NHS but from the ESA system – as a serious deterioration in health leads WRAG group claimants to eventually be re-assessed into the Support Group.” - National Aids Trust**
57. The Review believes that individual responses received confirm the above thinking and also observes a potentially additional worrying trend, namely the shift of demands on resources from the DWP to local authorities (social services) and potentially the NHS, increasing the pressure on services that are already overstretched. A similar effect has already been observed as a result of cuts to social services with the Care and Support Alliance reporting that almost 9 out of 10 GPs believe that cuts to social services have led to an increased pressure in their surgeries.<sup>[33]</sup>
58. **“I wouldn’t be able to afford the basics like food and electricity and heating. This would affect my mental state even more because of the debt... this would put a strain on the NHS, me being admitted for my diabetes and sectioned for my mental state.” - Individual respondent**
59. **“I would be unable to afford to have groceries delivered and would need social care assistance to do my grocery shopping in person.” - Individual respondent**
60. This point was also strongly supported by two of the individuals giving oral evidence to the Review. Individual 1 highlighted the financial impact of his self-harming on the NHS and emergency services. He made it clear that he considered his self-harming to directly result from the treatment he received at the job centre as well as having to survive on just over £70<sup>[34]</sup> for a prolonged period of time, which he found very distressing. Individual 2 made it clear that he wouldn’t be able to continue to contribute to his Personal Budget, which would mean that either the local authority would have to pick up the Bill.
61. **“When I was being assessed to be put into the WRAG Group, the debt that I incurred was pretty severe... it was supposed to be 13 weeks that you are supposed to be assessed in that time, in the end it got over that one by quite some time... obviously the debts built up and that is why it was such a difficult time for me. I was constantly in and out of hospital through trying to self-harm, but not for a suicidal risk, because I was purely desperate and I didn’t know what to do. Then the police were involved quite a lot at that time as well. Cost-wise they might be able to take the £30 back, but the emergency services – if it is the same as what it was last time, I wouldn’t want to know their bill because of my foolishness.” - Individual respondent**

62. **“I pay £40.06 towards my personal budget at the moment and I don’t think I could afford to do that anymore. If I did pay towards my budget I’d probably lose it altogether, that would mean losing all my activities, and taxis how I get around.” - Individual respondent**
63. In light of the above, the Review would be interested in understanding in more detail what the cost implications of this shift are likely to be and whether the Government has taken into account the potentially negative financial implications on the country’s finances as a whole. Research conducted in 2013 by Deloitte has shown that cost savings could be made from ensuring that people with middle rate care needs have access to appropriate social care provision<sup>[35]</sup>. What needs to be explored now is whether similar savings could be made by maintaining the ESA WRAG component at the level it is now.
64. The Review would also be interested to understand the impact on the ESA WRAG of public expenditure reductions in other areas, such as social care, for example the number of claimants. As has been highlighted by some of the individual respondents, cuts to mental health services undoubtedly have made things more difficult for a number of people, impacting on how quickly they are able to move into work again. In order to be able to understand what measures and incentives work to ensure people can return to or access work, the Review feels that we need to also understand what external factors contribute to people being in the ESA WRAG in the first place.
65. **Recommendation: Conduct a thorough impact assessment of the proposed changes to ESA WRAG, taking into account the impact this measure would have on disabled people, their families, carers, the NHS, social services and other DWP benefits**

### 9.2.5 Impact on finances for individuals in work

66. The Review was also deeply concerned to hear that the proposed changes to ESA WRAG would not only affect those not currently working, but also those in work. Sue Royston, Benefit Specialist and Consultant, brought to the Review’s attention that the removal of the Limited Capability for work element would remove a major part (or in some cases all) of the additional support in Universal Credit for disabled people in work.
67. The current system (JSA, ESA, Tax Credits and HB) gives extra financial support:
- for those who are able to work less than 16 hours a week through the Work Related Activity Component of ESA (for those in the WRAG)
  - for those working more than 16 hours a week through the disabled workers element of tax credits (worth about £60)
68. The Universal Credit system at the moment gives extra financial support:
- for those unable to work - Limited capability for work element (for those in the WRAG) added to maximum amount
  - For those able to work through:
  - Limited capability for work element (for those in the WRAG) added to maximum amount (worth about £30)

- the work allowance (an earnings disregard) for those with limited capability for work. (usually increases final income by about £30).
69. Together these two measures give approximately the same level of support in UC as the disabled workers element of tax credits does in the current system.
70. The Limited capability for work element (WRAG) will no longer be payable for new claims from April 2017. This will halve the extra support many disabled people receive in work. This extra support is needed to help meet the extra costs they face that cannot be covered by the Access to Work scheme. From a series of hypothetical case studies, which Sue Royston provided to Mencap, two cases demonstrate the impact of this:
71. **Pete has moderate learning difficulties and anxiety/depression. He receives the lower rate of the care component of DLA. If he were to undertake the Work Capability Assessment he would qualify for the WRAG. He has worked for some years, 20 hours a week at a local supermarket as a cleaner. He can't manage more hours than this.**
72. **At present in the current system Pete has a disposable income of £151 a week from his earnings, benefits and tax credits after he has paid his housing costs. If he loses his transitional protection, perhaps due to losing his job and having to claim Universal Credit and then finding another with the same hours, in 2017 his disposable income after housing costs will be just £136 a week. He has lost £30 of support (WRAG) so even though he is earning £7.70/ hour in 2017 instead of £6.70/ hour in 2015 and has higher tax and NI thresholds, he will still be worse off by £15 a week in cash terms in 2017 than he is in the current system in 2015. This is a loss of £750 a year or 10% of his income after housing costs. Pete in 2017 would have to work 26 hours a week just to get to the same point in cash terms, longer if inflation was taken into account.**
73. However for some disabled people the removal of the Limited capability for work element (WRAG) will have an even more detrimental effect. From April 2017 disabled parents making a new claim for Universal Credit will have no more extra financial support in work than non-disabled people.
74. In Universal Credit any household can only have one work allowance. Currently in Universal Credit, households with children have work allowances higher than those for disabled people so a disabled parent would not benefit from the work allowance for those with limited capability for work. In tax credits support is given for different groups through different elements. These elements are additive so a disabled parent gets extra support because they are a parent and extra support because they are disabled.
75. **Leanne (not a real person) has rheumatoid arthritis. She works 20 hours a week at minimum wage. She is a single parent with two children. By 2017 if she has to make a new claim for Universal Credit she will have a disposable income after housing costs of £235/week -about £70 a week less than in 2015 in the current system - a loss of £3500 a year: about a quarter of her income after housing costs.**
76. **She will receive no more than a single parent who is not disabled would receive for working the same hours yet Leanne is likely to have many extra costs of**

**working such as needing extra help around the house because of the extra pain and exhaustion caused by working.**

77. Disabled parents already receive less support in Universal Credit than in the current system because of the way the work allowances work. Removing the WRAG takes away the only extra support they receive in Universal Credit.

### 9.2.6. Summary

78. The Review has found that the proposed changes to the ESA WRAG would have a detrimental impact on claimants in this group. The Review was told that the proposed benefit levels would be unsustainable and would lead to people's health deteriorating even further, homelessness, extreme financial hardship, social isolation and possibly death for some claimants. The Review also learned that not only would those unemployed be affected by the changes, those going into work would also be affected and lose money once they move onto Universal Credit.
79. **Recommendation: Reverse the removal of the ESA WRAG component and the equivalent payment under Universal Credit as proposed in the Welfare Reform and Work Bill.**

### 9.3. Impact on accessing work - findings from consultation

80. The overwhelming response from organisations and individuals who answered this question was fundamental disagreement that reducing the ESA WRAG payment would incentivise disabled and ill people to move closer to work. Of 150 individuals who answered this question, only two said that this measure would make it more likely they would look for work. Both of these individuals however pointed out the challenges of actually finding work that fits with their individual needs and abilities.
81. Conversely, a wide range of reasons were given explaining why a benefit reduction will in fact reduce the ability of individuals to move closer to work. For many ESA WRAG claimants, as has been outlined in the previous section, the impact of a benefit reduction will lead to a worsening of their physical and/ or mental health, thereby making work-related activity less of a priority and even less of a reality for them. It will also limit their ability to pay for the practical necessities of work-related activity, such a travel costs for interviews, appropriate interview clothing, or access to the internet. These are not luxuries but basic requirements that need to be paid for when preparing for work.
82. **“We strongly believe that a reduction in the amount of money received by claimants would negatively impact on the ability to look for, and return to, work in the future. We are concerned that a lack of support, couple with reduced income, will not create the optimal environment for people who want to move back to sustainable employment to do so. In our welfare survey, 86% of respondents who were in receipt of the WRAG component of ESA said that a reduction in their benefits would decrease their ability to return to, or remain in, employment or education.” - Rethink Mental Illness**

83. **“The number of disabled people that are facing evictions from their home and having to resort to food banks to eat is on the increase; when a person is in financial crisis looking for work or becoming work ready becomes impossible.”**  
- Inclusion London
84. **“Research has shown that people with mental health conditions and learning disabilities are considerably more disadvantaged than other impairment groups, in terms of employment rate, type of work and level of unemployment, so reducing the amount would not work as an incentive to find work but may push people further from the job market, struggling to make day to day living costs. In addition less financial support could lead to food poverty and a deterioration in the mental and physical health of claimants moving them further away from employment.”**  
- Hackney Council

### 9.3.1. Impact on health and accessing employment

85. As outlined in the previous chapter 9.2., the impact this policy change is likely to have on the health of those claiming the benefit is particularly worrying. As ESA WRAG claimants are only ever likely to return to work, if their health has improved or is improving, the Review is concerned that the deteriorating effect this change is likely to bring will have a negative impact on the ability of these people to access, enter and stay in work.
86. Good mental health, for example, is essential in order to actively and successfully move towards work. However, worsening mental health and therefore reduced ability to access work was cited as a significant risk by organisations and individuals when asked about the impact of the benefit reduction on individuals' ability to enter work.
87. Many organisations and individuals responding were forthcoming on this issue, including Royal British Legion Industries, Centrepoint, and the Scottish Association for Mental Health, and Mind.
88. **“There would be a severe impact on people’s ability to look for work. People would struggle to pay for well-being activities that help their recovery and enable them to feel able to consider paid work. They would struggle to get by on a day-to-day basis, which is a huge source of stress and a major distraction from job seeking (how well would you complete a job application if you’d had no lunch, were worrying about your council tax court summons, and hadn’t been out the house for days because you can’t afford to get anywhere?).”** - Hackney branch of Mind
89. **“Losing this money would make me more worried and stressed which would impact my mental health considerably turning the whole thing into a vicious circle.”** - Individual respondent
90. In addition to impact on mental health, organisations and individuals also highlighted the risk of a deterioration in physical health as a result of a reduction to the ESA WRAG component. This in turn, it was highlighted, also negatively impacts on an individual's ability to take steps towards work.

91. **“Increased risk of ill health: the possible deterioration of health as a result of the reduction would impact on a person’s ability to look for work. Many within ESA WRAG are managing a fluctuating condition, coping with pain and fatigue or recovering from illness. The additional stress of managing long term on an amount designed for short term subsistence could impact on health, quality of life and impact their ability to look for work.” - Hackney Council**
92. **“Reduced money = poorer health due to poorer diet and poorer hygiene = poorer prospects of becoming well enough to even entertain the idea of looking for work.” - Individual respondent**

### **9.3.2. Financial hardship and accessing work**

93. Chapter 9.2 above outlines in detail the financial hardship that would result from a reduction in the amount ESA WRAG claimants would be entitled to, should the proposed change go ahead. Next to the impact these financial worries are likely to have on the health of the individuals affected, worry about money and how one can afford to live has also a negative impact on accessing work in itself.
94. Alerting to this issue was for example the MS Society, when they outlined in their response:
95. **“Harvard University scholars have also shown that living with too little imposes huge psychic costs, reducing mental bandwidth and distorting decision-making. Scarcity promotes tunnel vision, helping people focus on the financial crisis at hand, but making them “less insightful, less forward-thinking, less controlled”. Thus not only is there no evidence that reducing the ESA WRAG rate will incentivise people to look for work (even though they are not well to work), it could even have the opposite effect, reducing people’s ability to plan for the future and take steps towards work.” - MS Society**
96. Confirming the above by drawing on her experience was Chief Executive of the Employment Related Support Association Kirsty McHugh during the oral evidence session. In her response she highlighted that people who are currently in the ESA WRAG are already all-consumed by the worry about money, and have little capacity to think about finding work, with this only likely to get worse.
97. **“When somebody is... put into the WRAG group and then they’re referred to an employment programme, could be the work programme, could be something else, the vast proportion of their time is often spent on appealing the decision to go into the WRAG group... The concern about cliff edges in terms of benefit is that it might actually increase the desire to be in the support group, you know, rather than actually engage with the employment support whilst in WRAG.” - Kirsty McHugh, ERSA**



### 9.3.3. Impact on practical ability to undertake work-related activity

98. **“Cancelling my phone and internet means I would not be able to make calls regarding workplace volunteering that I want to do or make job applications when I am ready. I would also no longer be able to afford smart clothes which you need for work.” - Individual respondent**
99. The Review received a significant amount of evidence showing that a reduction to the ESA WRAG component would have a direct, negative impact on an individual's practical ability to undertake work-related activity, with the majority of organisations and many individuals raising issues related to this.
100. Sufficient resources are necessary in order to take steps towards work, for example, to pay for travel to appointments or volunteering, appropriate interview clothing or internet and phone connections to complete job applications. Having less money to cover those associated costs, all evidence seems to agree, would have a negative impact on the ability of people to access work.
101. **“Crisis is concerned... that the reduction in the ESA (WRAG) payment could have a detrimental impact on homeless people's ability to engage effectively in work-related activity. We know from our services that most homeless people are strongly motivated to work, even though they may have high support needs and health conditions that prevent them working at the present time. However, they are likely to find it much harder to attend training courses and work-focused interviews if they are already struggling to meet their basic needs.” - Crisis**
102. **“Difficulties in affording interview clothes, razors, haircuts, the gas for hot showers and so on, which are all strictly necessary to be presentable for interviews. Again, if this sounds trivial, it isn't – living on £72.40 a week means basics like this often simply cannot be paid for, and you will not succeed in a job interview without them. Not having a computer and the internet at home is an enormous barrier.” - Hackney branch of Mind**
103. Some disabled or ill people will also face additional costs in their quest to find work compared to the general population, for example if due to their condition, they need to travel by taxi instead of public transport, or require additional support or technology to complete a job application. The Review is aware that that DLA/ PIP are designed to cover any additional costs associated with a disability, and that Access to Work should also, in theory, support disabled people in their quest to find work. However, as outlined in chapter 8 above, it is widely understood that DLA / PIP are not enough to cover all the costs, and that Access to Work is often not working as it is intended. In addition, we also know that only around 50% of individuals who are in the ESA WRAG also received DLA or PIP. As a result, individuals would struggle to cover those additional costs, should the ESA WRAG component be removed.
104. **“The impact of reducing the ESA WRAG payment on autistic people will be to simply push them further from employment, as many rely on this money to meet their additional support needs to undertake work-related activity. Individuals have told us they use the money to pay for additional work-related costs such as using**

**the phone and internet, attending training and courses, and interviews and for smart clothes. Travel to appointments can also be costly, and many people on the autism spectrum in the ESA WRAG will not qualify for a disabled person's bus pass. Without this £30 per week, it will be much harder for people on the autistic spectrum to look for, or get, work.” - National Autistic Society**

105. **“Deafblind people told us that they often have to spend money when looking for work, this includes paying for transport and communication support to go to interviews, attend training courses or get work experience. These costs cannot always be compensated by DLA/PIP alone. Therefore as a result of the proposed cut people will not have this extra money to spend on looking for work.” - Sense UK**

### **9.3.4. Disincentive in the design of the reduction to ESA WRAG**

106. As it currently stands, someone qualifying for the ESA WRAG component in principle should be able to come in and out of the WRAG relatively easy without running the risk of losing large amounts of money. This enables, one could argue, a certain fluidity which is vital for those with fluctuating conditions as well as those entering insecure and short-term jobs.
107. The removal of the ESA WRAG component for new claimants from April 2017, puts a stop to that fluidity for current claimants, and in effect, the Review has heard will create a disincentive for this group to move towards work.
108. This issue was picked up particularly during the oral evidence both by organisational representatives as well as individual participants.
109. **“Rather than putting better incentives into the system, this seems to be putting disincentives into the system, and I think that evidence based policy, where is the evidence that this cut would incentivise employment?”  
- Liz Sayce, Disability Rights UK**
110. **“People, now that they are on ESA, are probably going to be more reluctant to go to work because they fear having to come back on again if their health deteriorates or something else happens, they won't want to give up their ESA.”  
- Individual respondent**

### **9.3.5. Summary**

111. Reading and listening to the responses as to how the proposed changes would affect claimants to be ready for work, the Review found that claimants and organisations are deeply concerned by the notion that they could be incentivised to go into work when many are too ill to work. The Review also learned that the proposed reduction in the financial support to this group is likely to move them further away from the labour market rather than closer. In addition, the Review heard that by having a negative impact on people's health, it is likely to negatively impact on their ability to look for work and that the design of the new policy would actually discourage those currently on the benefit to move into employment as they would risk receiving a lower amount of benefit, should they have to access ESA WRAG again in the future.

# 10. Looking forward

## 10.1. Improving how we support people in the ESA WRAG into employment

1. Claimants in the ESA WRAG are offered back-to-work support by the DWP with the aim of helping them move closer to employment. As we have learned in chapter 7, there are some very obvious issues with the support that is provided as it stands, with results much below target.
2. If the Government is to support more people in the ESA WRAG into employment, which would in turn help it to reach its welcome ambition of halving the disability employment gap, it will need to improve the support provided for this cohort. This section therefore sets out what respondents felt would help to do this.

### 10.1.1. Readiness for work?

3. Whilst the final part of the consultation process was designed to look forward at how best to improve support for the ESA WRAG cohort, it first focused on claimants' "readiness" for and ability to work. It is important to understand the responses to this issue, as it is clear from the written evidence there is a link between this and how best to support claimants.

### 10.1.2. Readiness for and ability to work

4. A small number of individuals indicated that they felt ready for work, or were close to the point where they could consider this step. However, this "readiness for work" did not come without its caveats. These caveats varied with some willing to undertake part-time work, some believing they could work on "good days" and others needing a supportive employer. This is not unexpected considering the consultation process was focused on those in the ESA WRAG and had therefore been found to have "Limited Capability for Work".
5. **"I think I am quite ready to go back to work. I would need a bit of time to organise myself and my family life and childcare."** - Individual respondent
6. **"I feel that I am ready for work...Would ideally start with part time and gradually increase back to full time."** - Individual respondent
7. However, the overwhelming majority indicated that they did not feel they were ready for work. The reasons for this varied, however the dominant factor was health and its associated barriers e.g. lack of access to treatment.
8. **"I have chronic physical illness on top of mental illness. I would not be able to work or be available"**. - Individual respondent
9. **"I'm not able to work at all. Mental health services have only made me worse (side effects from medication and so on). The only way I'd be able to work is if care and treatment was improved."** - Individual respondent

10. **“I have Asperger’s, issues with chronic pain and suffering from depression and anxiety, the little support I have been offered via GP and mental health services has been pathetic.” - Individual respondent**
11. This indicates that health has to be a key consideration when providing employment support and is seen by many as their main barrier to employment. The evidence suggests that it is not simply about offering work-related activities in acknowledgement of the condition (i.e. making reasonable adjustments) but also allowing people to address the actual health condition.
12. However, it is important to note that not being ready for work does not align with not wanting to work. It was clear from many responses that support was wanted. It also does not mean that respondents could not work in the future, with many not stating whether or not they could return to work at some point, but focusing on the difficulties they face. For example:
13. **“I am not ready, I am vulnerable, scared and isolated” - Individual respondent**
14. **“I am nowhere near ready for employment. I am not sure if there is any support on offer to someone like me” - Individual respondent**
15. **“And what chance would a 52 year old have, who suffers from heart failure and has a history of mental illness?” - Individual respondent**
16. These statements symbolise the large numbers of responses which highlighted a negativity towards their situation but did not rule out being able to gain employment in the future.

### 10.1.3. The role of employers

17. Another issue that affected respondents’ readiness or ability to work was the attitude and actions of employers. It is clear that some respondents saw this as a key barrier, believing that if they had more supportive employers who understood their condition they might be able to move into employment.
18. **“My bipolar would make it impossible for me to assure an employer that I could be relied on to be there everyday’.” - Individual respondent**
19. **“I’d like to find work with an ASD-friendly employer, but where do I find one with that kind of understanding when over 80% of ASD sufferers aren’t given any job offers?” - Individual respondent**
20. **“The type of support I need is the DWP finding me an employers who would employ me the way I am and understand that its impossible for me to commit myself 100% as there are days I can’t get myself together due to pain and lack of sleep.” - Individual respondent**
21. Organisational responses also highlighted some of the difficulties in supporting ESA WRAG claimants into work in relation to employers. This included an unwillingness to introduce reasonable adjustments;

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22. **“A common obstacle for disabled people who are looking work is that they don’t feel empowered to request reasonable adjustments” - Hackney Council**
23. A failure to adhere to The Equality Act;<sup>[36]</sup>
24. **“The Equality Act includes vital protections against disability discrimination in recruitment and employment practices. In many conversations about disability employment, these protections seem to be taken as a given. However, NAT’s experience is that these laws are routinely overlooked.” - NAT**
25. And a general unwillingness to take on disabled people;
26. **“There is very little attention given to the ‘demand-side’ problem of employers’ willingness to take on disabled employees.” - NAT**

## **10.2 What support do ESA WRAG Claimants need to move towards employment?**

27. In the Spending Review and Autumn Statement 2015 the Government announced a new Work and Health Programme. This will follow on from the Work Programme and Work Choice contracts when they end in 2017. The Review welcomes this announcement and looks forward to the Government providing more detail on the full design of this programme.
28. In the Statement the Government also announced £115 million of funding for a Joint Work and Health Unit. This unit will look specifically at how best to improve support for those with disabilities and health conditions.
29. Whilst these are all welcome steps, the Review hopes the Government takes on board lessons learnt from the failures of past programmes as well as the below evidence in the final design of what all these new initiatives will deliver.

### **10.2.1 Personalised and tailored support**

30. The overwhelming message from the written evidence received was that personalised and tailored support is key. It was clear from individuals’ responses that they had a wide variety of barriers to work that couldn’t simply be solved through generic support. Recommendations from the organisations who replied reflected this, with many making specific calls for this change to support.
31. **“Supporting disabled people through careers that match their capabilities, interests and ambitions and personalising available support would make the journey to work more successful and achievable.” - SAMH (Scottish Association for Mental Health)**
32. **“No disability is the same and supporting a person with a learning disability into employment is very different to supporting someone with a different disability.” - Dimensions**
33. **“It is critical for Government to prioritise implementation of a specialist employment support programme” - Scope**
34. Whilst the Work Programme and support offered from Jobcentre Plus is designed to

provide this personalised support, it could be argued that organisations' insistence on support to be more personalised implies that whilst intent is there, in practice it doesn't currently exist. As Mind highlighted in their evidence, this argument is supported by various independent and Government evaluations of support, all of which point to a lack of personalisation of support for people with disabilities or health conditions.<sup>[37]</sup> Worryingly, some charities pointed to support also having a negative impact on people's health conditions. Sonya Chowdhury, CEO of Action for ME, explained during the oral evidence session, that research involving claimants with ME found that 66% said their health had deteriorated in the ESA WRAG because of the work-related activity they were asked to do.<sup>[38]</sup>

35. Taking personalisation a step further, some organisations called for condition-specific support. For example:
  - Mental health charities favoured the successful Individual Placement and Support Model.<sup>[39]</sup>
  - The National Autistic Society highlighted a pilot project called Support, Empower and Employ people with M.E. (SEE M.E.) in Bristol which could be used.
  - Dimensions called for specific support for people with learning disabilities
  - Inclusion London promoted a successful model of support "developed by Deaf and Disabled people's organisations in London, which is effective in supporting Deaf and Disabled people into employment"
36. In the design of this personalised support there were also calls for the Government to work more closely with those supported by back-to-Work Programmes and the organisations who represent them:
37. **"Any work scheme needs to be co-produced with disabled people. Until this happens it is unlikely that any employment scheme will work and especially not for people with learning disabilities."** - People first
38. **"People with mental health problems should be directly included in the design of any new back-to-work support."** - Mind
39. **"Scope has developed a range of proposals for what this specialist employment support for disabled people should look like, and we want to work alongside the Government to implement these changes."** - Scope

### 10.2.2. Practical examples of what this support should look like

40. The variety of practical examples given by all respondents of specific examples of support they would like to see further promotes the use of a programme/system that is more personalised. These examples could be broken down into four distinct areas: Practical employment related support; support for a health condition; better expertise and understanding from work coaches; and working with employers.

### 10.2.3. Practical employment related support

41. Examples of practical employment related support included, but were not limited to:
  - Support with CV writing
  - Help in filling in application forms
  - Help with sorting out money/budgeting
  - Help with interview preparation
  - Support in travelling
  - Improving skills
  - Help in building self-esteem and resilience
  - More help with being online
42. It is important to note that many respondents only gave one or two of the above as an example of the support needed, again highlighting the need for support to be flexible to individual needs.
43. Various calls for more flexible working hours, part-time work and gradual returns to work were also included in responses. With the introduction of Universal Credit, the intent is that this form of personalisation would be achievable, but it will still need to be promoted to Jobcentre Plus and Work Programme work coaches to ensure this flexibility is used.

### 10.2.4 Support for a health condition

44. Barriers caused by a health condition were evidenced as key obstacles to work by respondents. This in turn led many to call for more support to address this. Again though, the majority of these calls were personal to the individual and their condition:
45. **“I need help to resolve the stomach issues I am having, help to resolve the sleep, stress and anxiety issues I am having.” - Individual respondent**
46. **“More counselling to get to the root of mental health.” Individual respondent**
47. **“Just more free talking therapies.” - Individual respondent**
48. **“I need adult social care in place.” - Individual respondent**
49. Organisations also promoted the importance of providing specific support for someone’s health, with some highlighting the use of health support in their own models of back-to-Work Programmes. However, this could require a shift in approach from health services. Mind highlighted the lack of access to mental health services,<sup>[40]</sup> and Leonard Cheshire argued that “the Government must ensure health and social care is delivered in a way that complements rather than hinders an individual’s journey back to work.”
50. The majority of responses referring to access to treatment spoke about health support away from the Department for Work and Pensions, indicating that more integration with health would be needed for this to be achieved.

### 10.2.5. Better expertise and understanding from work coaches

51. A concern from both individuals and organisations was that the benefits system did not understand their condition and therefore how to support them. This was both related to the type of condition;
52. **“Very few people in the job centre understand enough about autism to provide appropriate and meaningful support. Often they cause more stress and frustration.” - Individual respondent**
53. And also to the claimant’s situation;
54. **“When the person I looked after attended get back to work related interviews it was clear that there was absolutely no understanding of his situation.” - Individual respondent**
55. Witnesses at the oral evidence session also explained how Work Capability Assessment assessors and Jobcentre Plus Work Coaches did not know about the complexities of their conditions or how it affected their day-to-day lives. For some this resulted in severe anxiety and had not been effective in helping them move closer to work. An improved understanding of someone’s condition and situation is tacitly implied in calling for a personalised approach to support, however some organisations called for more expertise specifically:
56. **“It should be delivered by professionals who are trained in specific conditions and are able to understand the difficulties a person is facing.” - Sense UK**
57. Throughout, it was not clear from the evidence as to whether criticism of a lack of understanding was specifically aimed at Work Coaches, the Work Capability Assessment or the whole system of support. Given the level of criticism however, it could be argued that it is the latter.

### 10.2.6. Working with employers

58. The evidence indicates that employers have a big role to play in helping more people from the ESA WRAG into employment. Recommendations from organisations and individuals in this area fell on two sides. The first, to place more onus and responsibility on employers, and the second to support employers more. However, these two approaches do not seem to be mutually exclusive.
59. On the first side, it was clear that more was needed to be done to ensure employers are aware of and adhere to their responsibilities as laid down in The Equality Act. This requirement falls under the argument of changing how we look at incentives in the benefits system. Liz Sayce, Chief Executive of Disability Rights UK, argued that whilst the Government are speaking about the “incentive” for the claimant, we should be speaking about the incentive for the employer. In this sense, not being prosecuted/penalised for not adhering to The Equality Act would act as an incentive. This is important, as failure to adhere to legislation is having an impact, as NAT explain:
60. **“We hear regularly from people living with HIV who have been unlawfully asked to disclose their condition as part of a job application. This is a real but entirely**



### **unnecessary barrier to work for someone who is already dealing with health problems.’ - NAT**

61. On the second side is the need for more work to be done with employers. This included calls for more to be done to support employers in employing people with disabilities, raising awareness about the support available, free occupational health advice and work plans and addressing any fears employers may have.

### **10.2.7. Creating the right system under which support is provided**

62. The evidence suggested that improving support for the ESA WRAG cohort isn’t just about changing the practical support provided, but creating the right system in which this support can be delivered and produced.

### **10.2.8. Work Capability Assessment**

63. The Work Capability Assessment, the assessment which decides on which benefit group a claimant will be placed into, was directly linked to ineffective support by some organisations. For these organisations, it was clear that reform of this assessment was needed, with specific calls for it to focus on barriers an individual faces and to link the information gained into the type of support received:
64. **“We would want to see a reformed Work Capability Assessment (WCA) which assesses the barriers someone faces to work and what support is needed to overcome them. This should then be shared with back to work providers so that it functions as a gateway to back to work support, and not simply be an eligibility test for benefit.” - NAS**
65. **“Access to employment support programmes should be underpinned by a common, robust, and individualised assessment process, which recognises the barriers and enablers to employment faced by blind and partially sighted jobseekers.” - RNIB**
66. Leonard Cheshire argued that by focusing on barriers and the support someone needs, a reformed Work Capability Assessment “will provide the roadmap for the type of support an individual needs to get them ready to go back to work”. Crisis also proposed that the assessment should help to segment people based on the support they require, rather than by benefit type, as is the case now.

### **10.2.9 Payment and Commissioning Structures**

67. The second part of creating the right system for personalised support is to ensure procurement allows for the best providers to deliver support, and that payment structures encourage this. As has previously been argued by the Work and Pensions Select Committee,<sup>[41]</sup> some organisations felt that current payment structures lead to claimants being “parked”:
68. **“The current target and reward system doesn’t work and results in difficult to place clients being parked.” - Goals UK**

69. **“The differential pricing structure is having insufficient impact on preventing welfare to work providers from prioritising relatively work-ready jobseekers ahead of those facing greater disadvantages.” - RNIB**
70. Written evidence suggested this should be combated with different payment structures, which could in turn also allow for smaller more specialist providers to engage in the market. These suggestions ranged from increasing upfront funding;
71. **“Funding for any programme aimed at disabled people or those with complex needs should include a high, up-front service fee rather than a payment by results model, in order to attract smaller and more specialist providers.” - RNIB**
72. To measuring distance travelled;
73. **“We recommend that financial models should recognise ‘distance travelled’, since steps taken to secure stable accommodation or overcome other issues will be an important part of participants’ journey towards work.” -Crisis**
74. To even redirecting funds to other bodies;
75. **“Scope also suggests that specific funding streams are made available to local areas to boost the disability employment rate in their area. These streams could incorporate some of the funding available to ESA claimants or be complementary.” - Scope**
76. **“Local Deaf and Disabled people’s organisations often cannot access central government funding, and are forced to rely on charitable funding, so provision becomes unreliable or patchy because charitable funds are not always available.” - Inclusion London**

### 10.2.10. Working with the ESA WRAG cohort

77. The current system of support is causing fear and anxiety for many of the respondents, which in turn hinders their ability to move closer to employment. It was clear for some that there was an “us and them” view of support, or as Family Mosaic explained “this is happening to the disabled person rather than with them”.
78. Of their fear of the current system, respondents explained:
79. **“I am terrified each day when the post comes and if there is a brown envelope I immediately suffer an anxiety attack just in case it’s a letter from the DWP telling me to do something I am petrified of doing.” - Individual respondent**
80. **“Jobcentre support is terrifying in case they use it against me to cut my benefit so I wouldn’t ever ask for help for them.” - Individual respondent**
81. This fear was exacerbated by the use and threat of sanctions:
82. **“People need proper support not hounding, being pushed into work or activities regardless of their needs, threats of sanctions.” Individual respondent**
83. **“How can people build their confidence if they’re constantly terrified or losing their income?” Individual respondent**

84. Organisations highlighted the impact of this fear and the use of sanctions on the individual and called for changes to how conditionality is tailored. However, some went much further to call for a much more positive approach to the whole system:
85. **“The system needs to celebrate and perhaps rewards people’s steps towards employment and become much less punitive... it has often degenerated into a fear-filled and punitive affair.” - KeyRing**

### 10.2.11. Summary

86. It is clear that support for those in the ESA WRAG is not working. The evidence was not explicit in whether the above changes could be achieved within the current system, however, the recommendations and issues provided by respondents indicated that calls by some organisations to fundamentally reform and reconfigure back-to-work support were not hyperbolic. Goals UK’s assessment of the current system perhaps symbolises the evidence received:
87. **“The whole approach to employment for sick and disabled people is incoherent and doesn’t work, especially for people with learning disabilities and those with severe mental illness. We think that the system is defined by a poverty of aspiration from Government, localities, provider and consequently individuals and needs a complete overhaul. There is no strategy, some evidence on what works but largely unused by Government and others. Commissioning is all over the place both nationally and locally, and front line staff are not always equipped to support hard to help groups.” - Goals UK**

### Recommendations for improving back-to-work support

88. The findings outlined above show that there are a number of improvements that could be made to improve the support people in the ESA WRAG receive going forward to ensure that they are properly supported into employment.
89. Outlined below are a number of things that the Review would like to see happen:
90. **Recommendation: Ensure that the Work and Health Programme, announced in the 2015 Spending Review, is developed in collaboration with disabled people and disability organisations in order to ensure that it is a tailored and personalised employment programme for people in the WRAG.**
91. **Recommendation: The Work and Health Programme should consider the use of new reward and commissioning structures to enable greater employment outcomes for people in the ESA WRAG.**
92. **Recommendation: Work more closely with employers to increase awareness of how to best support disabled people and people with complex needs, and undertake a Review of the incentives for employers to take on disabled people and those with health conditions.**
93. **Recommendation: Take action to ensure all employers are aware of their responsibilities under the Equality Act 2010, penalising those who do not adhere to it.**

# 11. Conclusions and recommendations

1. The Review set out to understand the impact the proposed changes to the ESA WRAG would have on claimants and their readiness to find employment. The Review aimed to use the current situation as a baseline and then explore the impact of the changes to ESA WRAG, both on people's finances and their ability to move towards work. The Review asked individuals as well as organisations with an interest in this issue to:

  - provide an evaluation of the support they or the people they represent receive by being in the ESA WRAG
  - outline the impact that the Government's proposal to remove the ESA WRAG payment would have on them / the claimants/ their families.. We clearly identified that the proposed reduction would apply to future claimants from April 2017.
  - describe the impact the changes would have on their ability to look for work
  - propose what support should be made available to help people in the ESA WRAG move towards employment that isn't currently available.
2. The Review found that the current situation facing people in the ESA WRAG is a cause for concern. The evidence provided to the Review showed the reality of many claimants struggling to pay for food, bills and transport. Lack of financial support led to worsening of health conditions. The employment support provided did not meet the needs of most claimants, both in terms of the Work Programme and support provided by job centres. People were forced to use some of their WRAG payments to pay for costs that should have been covered already. These include extra costs caused by their disability, health treatment, and job training and courses.
3. Moving onto the impact the proposed policy of removing the ESA WRAG and the equivalent 'limited capability for work' component in Universal credit, the Review highlighted the detrimental effect it would have on disabled people's finances, social inclusion and their health. What is a difficult situation for many people already will become unsustainable. In addition, the Review also found that the reduction is most likely to have a severe knock-on effect on other public services, including the NHS, social services and also other DWP social security benefits. This raises the question whether the projected savings of £640 million from this policy will be achieved.
4. The Review also explored, in detail, whether there was evidence that the proposed policy would, as has been suggested by the Government, increase incentives for claimants in the ESA WRAG to move into employment. The Review found:

  - There is no relevant research setting out a convincing case that the £30 a week ESA WRAG payment acts as a financial disincentive to claimants moving towards work;
  - claimants and organisations are deeply concerned by the notion that ESA WRAG claimants could be incentivised to go into work when many are too ill to work;

- the proposed reduction in the financial support to this group is likely to move them further away from the labour market rather than closer;
  - the removal of the £30 a week ESA WRAG payment would reduce claimants' ability to take practical steps towards employment, as well as diminish their capacity to even think about work;
  - The reduction in financial support is likely to negatively impact on claimants' ability to look for work;
  - the reduction would might actually discourage disabled people from moving into employment as they would risk receiving a lower amount of benefit, should they lose their job in future. In particular it may dissuade people from undertaking short term contracts for the same reason.
5. Lastly, the Review sought to understand what it is that would actually help disabled people and those with health conditions to enter or re-enter work going forward. The review found:
- Health must be a key consideration in this context, as many in this group said that their health as it stands does not allow them to work. More support in this context needs to be provided;
  - support must be personalised and tailored to the individual to ensure that it actually deals with the barriers they are facing, and those supporting must be trained to better understand disability and health conditions.
6. The Review was also made aware of the important role employers play in this context and what more needs to be done to ensure that they play their part.
7. Finally, the Review also learned that there are real concerns about the Work Capability Assessment and the Work Programme as they stand, and that these need to be fundamentally redesigned to ensure that they able to support those who need it most.

### **Recommendations**

1. Reverse the removal of the ESA WRAG component and the equivalent payment under Universal Credit as proposed in the Welfare Reform and Work Bill.
2. Conduct a thorough impact assessment of the proposed changes to the ESA WRAG, taking into account the impact this measure would have on disabled people, their families, carers, the NHS, local authorities and other DWP benefits.
3. Provide more disability employment advisers to support claimants in the WRAG to move towards work.
4. Provide more training in disability and health for general job centre advisers.
5. Ensure that the Work and Health Programme, announced in the 2015 spending review, is developed in collaboration with disabled people and disability organisations, in order to ensure that it is a tailored and personalised employment programme for people in the WRAG.
6. The new Work and Health programme should consider the use of new reward and commissioning structures to enable greater employment outcomes for people in the ESA

WRAG.

7. Review the current use of conditionality and sanctions for this cohort and attempt to reduce levels of fear and anxiety within the benefits system.
8. Fundamentally redesign the Work Capability Assessment, focusing on a holistic approach which understands the barriers to work people face and ensuring this information is used to provide appropriate support.
9. Work more closely with employers to increase awareness of how to best support disabled people and people with complex needs, and undertake a Review of the incentives for employers to take on disabled people and those with health conditions.
10. Take action to ensure all employers are aware of their responsibilities under the Equality Act 2010, penalising those who do not adhere to it.
11. Expand Access to Work to allow more people to benefit from the support offered, and make the administration of claims more accessible.

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# Appendix one:

## List of organisations providing evidence

### Written evidence

Action for M.E.  
Centrepoint  
Community Links  
Crisis  
Deaf Action  
Dimensions  
Disability Benefits Consortium  
Disability Rights UK  
Family Mosaic  
Goals UK  
Hackney Council  
Inclusion London  
Islington & Shoreditch Housing Association  
KeyRing  
Leonard Cheshire  
Leonard Cheshire Disability  
Macmillan Cancer Support  
Mind  
Mind - Hackney  
MS Society  
NAT (National AIDS Trust)  
National Autistic Society  
Parkinson's UK  
People First  
Rethink Mental Illness  
RNIB  
Royal British Legion Industries  
Royal Mencap Society  
Scope  
Scottish Association for Mental Health  
Sense UK

Social Action for Health (Hackney Office)

In addition 178 disabled people provided written responses to the Review

### **Roundtable with organisations**

The following organisations attended a roundtable session on 23rd November 2015 chaired by Lord Low of Dalston.

David Kirkby, Senior Research Fellow - Bright Blue

Kirsty McHugh, Director - The Employment Related Services Association

Liz Sayce, CEO - Disability Rights UK

Lucy Schonengevel, Director of Policy - Macmillan Cancer Support

Simon Francis - Goals UK

Sonya Chowdhury, Chief Executive - Action for M.E.

Sophie Corlett, Director of External Relations - Mind

Sue Royston, Former Citizens Advice Bureau and now consultant

A number of other organisations declined to attend.

### **Roundtable with disabled people**

A second roundtable was held with 5 disabled people. Three were in the ESA WRAG, a fourth was working but prior to that had been in the ESA WRAG. The fifth was in the ESA Support Group although had also been on JSA and they drew on their experiences from being on JSA.

## **Appendix Two:**

# **A Parliamentary Review into the impact of reducing the Employment and Support Allowance Work-Related Activity Group payment on disabled claimants and their readiness for work**

A consultation for charities, think tanks, specialist employment providers and other interested organisations

### **About**

In July the Government introduced the Welfare Reform and Work Bill which proposes a number of changes to working age benefits.

One of the measures is to reduce payments for new claimants in the Employment and Support Allowance Work Related Activity Group (ESA WRAG) from £102.15 a week to £73.10. This would take effect from 2017.

ESA WRAG is a benefit for people found 'unfit for work' although able to do 'work related activity' such as training and move into work at some point in the future.

The Government has stated that it wants to get 1 million more disabled people into work and that the reduction in ESA WRAG will incentivise disabled people to look for work. The Government has said it will also improve specialist support for disabled people to do so.

We welcome the Government's aspiration to support more disabled people into work but are concerned about the impact the reduction in payment can have. Therefore we are supporting an independent review to aid the development of the legislation.

### **The Parliamentary Review**

The review led by the Independent Peer Lord Low of Dalston is being supported by disability charities including; Leonard Cheshire Disability, Mind, MS Society, National Autistic Society, RNIB, Royal Mencap Society and Scope. A report will be published in December containing the findings and presented to the Government.

This review will explore in more detail the concerns raised, to ensure that Parliament has sufficient information about the impact of this policy.

The Government's Impact Assessment of July 2015, suggested that removing the ESA WRAG payment would 'further improve work incentives for those [claimants affected]'.

Given the Government's aim of halving the disability employment gap, the Review will explore what evidence there is to support this view.

## **Context**

Disabled people are significantly less likely to be in employment than non-disabled people. This is despite the fact that the majority of disabled wish to work.

In 2012, 46% of working-age disabled people were in employment compared to 76% of working-age non-disabled people.<sup>2</sup> As a result, job outcomes for disabled people on the Work Programme, for example, are still low at only 8.7 percent for new ESA claimants, and 4.3 percent for other ESA/Incapacity Benefit claimants.

## **Halving the disability employment gap**

The Government has stated that it wishes to halve the disability employment gap which equates to an additional 1 million people in work. This commitment was widely welcomed by the disability sector and it is hoped this will drive innovation and attract funding to ensure disabled people get the appropriate support.

## **Questions**

1. What is your evaluation of the support people receive on ESA WRAG? For example the payment they receive and/ or the support that they are offered, such as training or work skills, and whether this helps them move closer towards employment.
2. What would be the impact of the Government's proposal to reduce the ESA WRAG payment on claimants/families?
3. Would there be an impact on people's ability to look for work if the amount of money was reduced? What do you think this impact, if any, would be?
4. What further support should be made available to help people in the ESA WRAG move towards employment that isn't currently available?

# **A Parliamentary Review into the impact of reducing the Employment and Support Allowance Work-Related Activity Group payment on disabled claimants and their readiness for work**

A consultation for disabled people and their families

## **About**

In July the Government introduced the Welfare Reform and Work Bill which proposes a number of changes to working age benefits.

One of the measures is to reduce payments for new claimants in the Employment and Support Allowance Work Related Activity Group (ESA WRAG) from £102.15 a week to £73.10. This would take effect from 2017.

ESA WRAG is a benefit for people found 'unfit for work' although able to do 'work related activity' such as training and move into work at some point in the future.

The Government has stated that it wants to get 1 million more disabled people into work and that the reduction in ESA WRAG will incentivise disabled people to look for work. It has said that it will improve specialist support for disabled people to do so.

Disability charities welcome the Government's aspiration to support more disabled people into work but are concerned about the impact the reduction in payment can have. Therefore we are supporting an independent review to positively support the development of the Bill.

## **The Parliamentary Review**

The review led by the Independent Peer Lord Low of Dalston is being supported by disability charities including Leonard Cheshire Disability, Mind, MS Society, National Autistic Society, RNIB, Royal Mencap Society and Scope. A report will be published in December containing the findings and presented to the Government.

## **Getting the views of disabled people and their families**

We want to hear from you if you are currently in the ESA WRAG and would like you to tell us about what it would mean if you had around £30 less a week to live on. You might want to tell us about your experiences of living day-to-day when you were waiting for your work capability assessment, for example.

We also want to find out about the current effectiveness of support within the ESA WRAG for disabled people undertaking 'work related activity' such as training or support to look for work. Getting this right is important so that those people who can work have the opportunity to do so.

Please answer the below questions. Your answers will be incorporated into the final report. We would like to include quotes in the final report. If you would prefer to remain anonymous then please let us know.

### **Questions**

1. Tell us about the support you receive from being in ESA WRAG. For example, you can tell us about how you spend the money you receive and/or the support that is offered to you to help you move towards employment.
2. What would be the impact on your daily life if you did not have this payment of almost £30 per week? Please feel free to draw on your experience of receiving less money when you were waiting for your assessment for ESA (the work capability assessment).
3. Would there be an impact on your ability to look for work if the amount of money was reduced? What do you think this impact, if any, would be?
4. How ready for work do you consider yourself to be? Would further support help you to feel ready for work if you do not feel so already? What types of support, if any, would be helpful to you?

# Appendix Three:

## Employment and Support Allowance Caseload (Thousands) : IB ICD (disease) code by Phase of ESA claim

	Total ESA WRAG Caseload (thousands)
IB ICD (disease) code	-
Claimants without any diagnosis code on the system	-
Certain Infectious and Parasitic Diseases	3.39
Neoplasms	3.17
Diseases of the Blood and Blood forming organs and certain diseases involving the immune mechanism	0.78
Endocrine, Nutritional and Metabolic Diseases	6.67
Mental and Behavioural Disorders	240.64
Diseases of the Nervous System	26.02
Diseases of the Eye and Adnexa	2.95
Diseases of the Ear and Mastoid Process	1.65
Diseases of the Circulatory System	15.02
Diseases of the Respiratory System	8.04
Diseases of the Digestive System	6.6
Diseases of the Skin and Subcutaneous System	2.87
Diseases of the Musculoskeletal system and Connective Tissue	82.71
Diseases of the Genito-urinary System	3.24
Pregnancy, Childbirth and the Puerperium	0.65
Certain Conditions Originating in the Perinatal Period	0.01
Congenital Malformations, Deformations and Chromosomal Abnormalities	0.61
Symptoms, Signs and Abnormal Clinical and Laboratory findings, not elsewhere classified	45.34



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	<b>Total ESA WRAG Caseload (thousands)</b>
Injury, Poisoning and certain other consequences of external causes	22.07
Factors influencing Health Status and Contact with Health Services	4.09
<b>Total</b>	<b>476.5</b>





This publication can be accessed online at:

**[mencap.org.uk/esa-review](http://mencap.org.uk/esa-review)**

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An easy read version is available on the website and by request.  
Copies of this publication can be made available in alternative  
formats if requested.

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