

# **Impact of UK Welfare Policy on Disabled People**

**30th October 2017**

# Contents

<b>1. Introduction</b>	<b>Page 1 - 2</b>
<b>2. Changes in welfare policy that have affected disabled people</b>	<b>Page 2 - 4</b>
<b>3. Direct impacts of Personal Independence Payments</b>	<b>Page 4 - 21</b>
3.1 Background to PIP	Pages 4 - 5
3.2 Fiscal impact of PIP	Pages 5 - 6
3.3 Rollout of PIP	Pages 7 - 8
3.4 Financial impact of PIP on disabled people	Pages 8 - 14
3.5 Mandatory Reconsiderations and Appeals	Pages 15 - 17
3.6 Impact of PIP on different disabilities	Pages 17 - 19
3.7 Geographical variation of PIP award success rates	Pages 20 - 21
<b>4. Indirect impacts of Personal Independence Payments</b>	<b>Pages 22 -24</b>
4.1 Assessments	Pages 22 - 23
4.2 Motability	Pages 23 - 24
<b>5. Impact of Employment and Support Allowance changes</b>	<b>Pages 25 - 30</b>
5.1 Background to ESA	Page 25
5.2 ESA sanctions	Page 25 - 27
5.3 Removal of the ESA work-related activity component	Page 28 - 29
5.4 Other changes to ESA	Page 29 - 30
<b>6. Bedroom Tax</b>	<b>Page 31</b>
<b>References</b>	<b>Page 32 - 33</b>

## Ministerial Foreword



I am pleased to introduce our second report on the impact of UK welfare policies on the people of Scotland. This report follows on from our annual report on the impact of welfare reform which we published in June, and looks specifically at the impact of UK Government reforms on disabled people.

As the Scottish Government our over-riding aim is to secure full equality and human rights for disabled people in Scotland. We have published an ambitious delivery plan, A Fairer Scotland for Disabled People, to help us achieve this. As part of that work, we recognise the important role that social security can play not only in providing financial support to individuals, but also in the vital signal the right approach to social security can send in recognising the value of all citizens and not either stigmatizing or placing additional barriers to their full participation in society.

So it is both deeply disappointing and distressing to see in this report, the impact on disabled people of the UK Government's unrelenting commitment to austerity as an approach to budget deficit reduction. A number of policies have been implemented by successive UK Governments since 2010 that directly affect disabled people, perhaps most notably the replacement of Disability Living Allowance (DLA) for working age people, with Personal Independence Payment (PIP). PIP has more restrictive criteria than DLA and was introduced by the UK Government with an expectation on their part that it would reduce spending on disability benefits. PIP is currently expected to reduce spending by £65m per year in Scotland by 2020/21. This represents a direct cut by the UK Government in social security investment for disabled people. For some individuals, this represents a loss in income of up to £7,000 a year – a cut that will result in real hardship for many.

Disabled people claiming Employment and Support Allowance and placed in the Work Related Activity Group have also been affected by both cuts and sanctions. The Scottish Government has called on the UK Government to reverse the £29 per week cut in support for new claimants which was introduced in April this year, but our call, based on evidence and listening to disabled people and their organisations, has fallen on deaf ears.

Disabled people will also be affected by changes and cuts elsewhere, although I am both pleased and proud that the Scottish Government continues to mitigate in full the bedroom tax, which would otherwise affect over 70,000 households, 40,000

(60%) of which contained a disabled adult claiming Employment and Support Allowance.

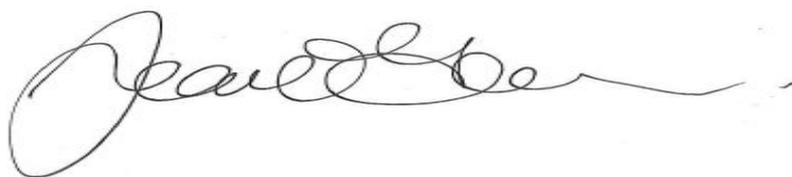
The UK Government has quite rightly been criticised by the UN Committee on the Rights of Persons with Disabilities, who have recommended that the UK Government:

- Repeal the latest PIP Regulations and that PIP, ESA and Universal Credit (UC) are in line with the human rights model of disability
- Ensure that legislative frameworks provide social protection to secure income levels for disabled people and their families
- Produce an impact assessment of the welfare reforms on disabled people and address retrogression in standards of living
- Review conditionality and sanction regimes for ESA and tackle the negative consequences on mental health.

I have written to UK Ministers highlighting these UN recommendations and asking how they will be addressed. It is essential that disabled people are protected from further damaging cuts and that the UK Government takes serious steps to address the harm already done.

I will continue to do all I can to press the UK Government to halt their programme of austerity, which sees our UK welfare system as an easy target for cuts and consequently, those with the least suffer the most.

Whilst over this Scottish Parliamentary term we will take responsibility for 11 benefits and we will deliver a rights based social security system for the delivery of these, our limited powers over social security mean that we cannot fix all of the wrongs inflicted by the UK Government. But I will continue to oppose the rollout of PIP in Scotland, and do all in my power to ensure that when the disability related benefits are devolved to Scotland, they are designed based on the needs of disabled people and provided in a way that treats disabled people with the dignity and respect that they, and all our citizens, deserve.



JEANE FREEMAN

MINISTER FOR SOCIAL SECURITY

# Impact of UK Welfare Policy on Disabled People

## 1. Introduction

The Scottish Government published its annual report on the impact of welfare reform in Scotland in June 2017.<sup>1</sup> The report analysed the financial impact of the UK Government's welfare policies introduced since 2010 at a Scotland and Scottish local authority level by 2020/21. It also brought together evidence on the impact of welfare policies on income inequality, poverty and child poverty and equality groups.

This report is supplementary to June's annual welfare reform report in that it focusses on impacts on disabled people. Many of the impacts on disabled people are primarily associated with two major welfare policies:

- The introduction of **Personal Independence Payment (PIP)** which is replacing Disability Living Allowance (DLA) for working age disabled people as the main non-means tested disability benefit.
- Changes to **Employment Support Allowance (ESA)** which includes the limiting of the contribution based benefit to 1 year, the introduction of a stricter sanctions regime and the removal of the work-related activity component.

This report brings together additional evidence and analysis of the financial and non-financial impact of these policies on the support available for disabled people in Scotland. The report also includes case studies of people affected by these policy changes which have been provided by Disability Agenda Scotland (DAS), Child Poverty Action Group (CPAG) and Citizens Advice Scotland (CAS).

The key findings of this report are that:

1. In Scotland, whilst 45% of those being re-assessed from DLA to PIP have seen (or are expected to see) an increase their award, 44% will initially (before mandatory reconsiderations and appeals) see their award reduced or removed completely. **The worst affected disabled people could lose DLA awards worth over £7,000 per year, if they are disallowed for PIP when re-assessed.**
2. Based on current DLA to PIP re-assessment outcomes, **around 30,000 disabled people in Scotland could lose entitlement to non means-tested disability benefits due to re-assessment to PIP once full rollout is complete.**
3. Around 1 in 5 people who previously claimed DLA and challenge the outcome of their PIP assessment will see their award increased following a mandatory reconsideration, whilst two thirds of appeals that are cleared at a hearing overturn the original decision in favour of the claimant.

---

<sup>1</sup> For more information see - Scottish Government (June 2017) '[Welfare Reform \(Further Provision\) \(Scotland\) Act 2012 - Annual Report – 2017](#)'

4. There is clear variation of PIP award rates between Local Authorities. For new claims, award rates vary between 52% in East Dunbartonshire, and 37% in Dundee City. For reassessments, rates vary between 82% in Stirling, and 72% in Aberdeen. **Glasgow, Dundee, Aberdeen and Renfrewshire have some of the lowest success rates for new and re-assessment PIP claims across all Scottish local authorities.**
5. The majority of disabled people surveyed by the Disability Benefit Consortium who went for an assessment felt the **stress and anxiety associated with their PIP assessment made their condition worse**. A majority of those surveyed also felt that **assessors did not understand their condition**.
6. Between **7,000 – 10,000 disabled people per year are set to be affected by the removal of the work-related activity component**, losing up to £29 per week each year until the policy is fully rolled out.
7. Around 430 disabled people in Scotland were subject to an ESA sanction in the year to March 2017, with nearly half of those sanctioned recorded as having mental and behavioural disorders. **Whilst 17% of individuals sanctioned since 2012, have been sanctioned for a period of over 3 months.**
8. Without Scottish Government mitigation through Discretionary Housing Payments, over 40,000 disabled people claiming Employment and Support Allowance would lose around £12.50 per week (£650 per year) due to the bedroom tax.

## 2. Changes in welfare policy that have affected disabled people

During the 2010-15 and 2015-17 parliaments, the UK Government implemented a program of significant changes in the welfare system, which formed a central part of a wider policy objective of austerity and deficit reduction. The measures passed in both parliaments are expected to reduce welfare spending in Scotland by £3.9 billion by 2020/21.<sup>2</sup> A number of these policies will particularly affect disabled people.

Table 1 highlights five measures which were introduced in the 2010-15 UK parliament and one measure passed in the 2015-17 parliament which continue to have a direct impact on the lives of disabled people. These are listed below.<sup>3</sup>

1. **Personal Independence Payment (PIP)** began to replace Disability Living Allowance (DLA) for working-age people from April 2013. Central to the PIP system is a change in eligibility for the benefit, with a shift to functional assessment and a points-based approach to entitlement. Working-age people currently in receipt of DLA have been (or will be) invited for PIP

<sup>2</sup> For more information on these policies see the [Welfare Reform Act 2012 - Annual Report 2017](#)

<sup>3</sup> Unless otherwise stated, all estimates of policy savings are based on analysis by the Office for Budget Responsibility, with the methodology available in the Welfare Reform Act 2012 - Annual Report 2017.

re-assessment. Although there are winners and losers in terms of entitlement, overall the introduction of PIP is expected to reduce spending on disability benefits by **£65 million in Scotland by 2020/21**.

2. **Contributory Employment and Support Allowance (ESA)** for claimants in the 'Work Related Activity Group' was limited to one year<sup>4</sup> from April 2012. Entitlement to contributory ESA is based on National Insurance (NI) contributions. Eligible claimants with insufficient NI contributions can claim Income-based ESA. Unlike means-tested benefits, there is no income and savings test for contribution-based ESA. This measure is estimated to have saved £0.2 billion in 2015/16 (at a GB level), and approximately **£20 million in Scotland**.
3. From April 2012, special arrangements were abolished which allowed young people<sup>5</sup> to qualify for contributory ESA under the **ESA 'youth provision'** without having to satisfy the normal National Insurance contribution conditions which applied to older claimants. This was a small measure, expected to save around £11m per year (at a GB level)<sup>6</sup>.
4. From December 2012 a stricter regime of **ESA sanctions** was introduced through regulations. Under the new rules, ESA claimants in the work-related requirement group who fail to comply with the conditions for receiving benefit receive an open ended sanction, followed by a fixed period sanction when they re-comply. No impact assessment was produced for these regulations which means there was no official costing of the impact of sanctions. In the 12 months to March 2017, 428 people were sanctioned under ESA.
5. Another key reform to ESA came into force in April 2017, when the work-related activity group (WRAG) component (£29.05 p/w) was abolished for new claimants. The policy was motivated by the aim to align the support for claimants of ESA WRAG with those claiming Jobseekers Allowance (JSA). By 2020/21 this policy is estimated to save £210 million at a GB level and **£26 million at a Scotland level**.
6. From April 2013, DWP introduced a percentage reduction in Housing Benefit for working-age households judged to be under-occupying their property in the social rented sector<sup>7</sup> - commonly known as **the bedroom tax**.<sup>8</sup> The Scottish Government has been mitigating the bedroom tax since 2013 through funding Discretionary Housing Payments. As of May 2017, of the 71,000 people affected by the bedroom tax, 41,000 were claiming Employment and Support Allowance. In the absence of mitigation, this would result in an annual reduction of **£27 million per year in Scotland** for disabled people in receipt of ESA who are subject to the bedroom tax.

---

<sup>4</sup> There is no time limit on how long you can claim contribution-based ESA if you're in the Support Group

<sup>5</sup> People who are aged 16-19 inclusive, or satisfy the age exception rule if aged between 20 and under 25 (which revolves around rules for education or training)

<sup>6</sup> Estimate from the DWP impact assessment of this policy measure

<sup>7</sup> A similar reduction was introduced to the housing element of Universal Credit

<sup>8</sup> The UK government refers to this change as the 'removal of the spare room subsidy'

**Table 1 – The financial impact of welfare policies that affect disabled people**

	<b>Financial Impact by 2020/21</b>	<b>The number of Households/People Affected</b>
1. Personal Independence Payments	£65 million	Around 30,000 people will lose entitlement to non means-tested disability benefits due to re-assessment to PIP once full rollout is complete.
2. Reforms to contributory based ESA	£20 million	When this policy was introduced over 20,000 people claimed contribution-based ESA, this fell to less than 2,000 after two years.
3. ESA 'youth provision'	<£1 million	Over 400 people aged 16-25 claimed contribution-based ESA before this policy was introduced.
4. ESA sanctions	<£1 million	In the 12 months to March-2017, 428 people were subject to an ESA sanction
5. Removal of work-related activity component (ESA)	£26 million	Between 7,000 and 10,000 new claims per year could be affected this policy until the full caseload of around 54,000 has a reduced award.
6. Bedroom Tax*	£27 million*	Currently 41,000 ESA claimants are affected by the bedroom tax reduction in Scotland.
<b>Total</b>	<b>£140 million</b>	It's not possible to quantify the number of households affected by all measures, as some will have been affected by more than one policy.

*\*The impact of the bedroom tax is being fully mitigated through Scottish Government spending using Discretionary Housing Payments.*

### **3. Direct impacts of Personal Independence Payments**

#### **3.1 Background to PIP**

Personal Independence Payment (PIP) is replacing Disability Living Allowance (DLA) – the benefit for disabled people and people with a long-term health condition – for working-age adults. Eligibility for PIP is assessed against a set of criteria which examines a person's ability to carry out a number of daily living activities, such as washing, dressing, cooking a meal and interacting in social situations. In the assessment, claimants are ascribed points depending on the extent to which they are able to undertake these activities.

Part of the UK Government's rationale for introducing PIP was that DLA "*no longer provides the framework for supporting disabled people that is needed in the 21st century*".<sup>9</sup>

By contrast, PIP promised to be "*simpler to administer and easier to understand [...] fair, and support disabled people who face the greatest challenges to remaining independent and leading full, active lives*".

The then UK Government was also explicit that the cost of DLA was unsustainable and that PIP was being introduced partly to reduce these costs (see section 3.2). In line with this objective, the UK Government removed the lower tier of the care component that was a feature of DLA, with the equivalent 'daily living' component of PIP only having two rates (enhanced and standard) (see section 3.4).

PIP was introduced with a controlled start for new claims in April 2013 for people living in pilot areas in North West and North East England, and was rolled out for new claims in Scotland in June 2013. In October 2013, 'Natural migration' from DLA to PIP began for the following groups:

- People who had a change in circumstances, requiring a change in care or mobility needs, which meant their claim had to be renewed;
- People with a fixed term DLA award which was due to expire;
- Children who turned 16 years old (unless they have been awarded DLA under the special rules for terminally ill people);
- People who chose to claim PIP instead of DLA.

Re-assessment for PIP of existing DLA claimants did not begin until October 2015. It is due to be completed by 2019.

### **3.2 The savings from PIP**

PIP has not produced the welfare spend savings that the policy was originally designed to achieve. When reforms to DLA were first announced in the 2010 Budget, they were assumed to bring in 20% savings in working-age disability benefit expenditure once complete.

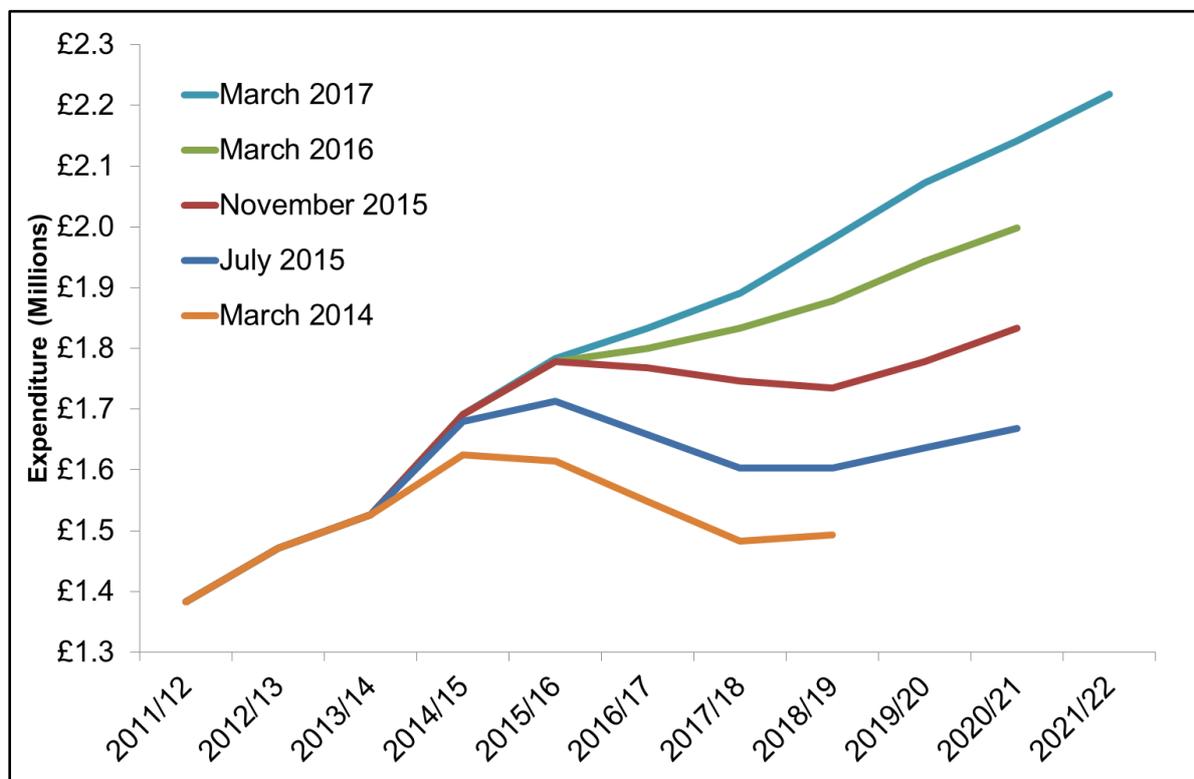
There have been successive upward revisions in the Office for Budget Responsibility's (OBR) forecasts for disability benefit expenditure at a GB level. Figure 1 shows successive forecasts of disability benefit spending (DLA and PIP)<sup>10</sup> at a Scotland level, taking a Scottish share of the latest GB forecast. While it is not possible to know what the total trend in disability benefit expenditure would have been in the absence of the policy change, Figure 1 seeks to highlight that the intended marked shift in trend has not materialised.

---

<sup>9</sup> DWP (December 2010) '[Public consultation - Disability Living Allowance reform](#)'.

<sup>10</sup> The OBR's estimates include Disability Living Allowance, which will continue for claimants under 16 and those who were over 65 on 8 April 2013, so not all of the upward revision is driven by revisions to the PIP forecast.

**Figure 1 - Forecasts (and outturn) of Disability Benefit Spend to 2020/21 (Scotland)**



There are several reasons for these revisions to disability spend forecast, with detail set out in the OBR's Economic and Fiscal Outlook (March 2016) report.<sup>11</sup>

There was a higher success rate of DLA re-assessments (after mandatory reconsiderations and appeals) than expected, which means that 83% of those re-assessed are expected to receive a PIP award compared to a previous assumption of 74%.

Another factor, was the significantly higher proportion of claims being awarded the enhanced daily living and enhanced mobility rates in their PIP awards, leading to higher average overall awards. Access to the benefit has also been expanded by legal challenges to the interpretation of the descriptors.<sup>12</sup>

The latest costings from the OBR suggest that the introduction of PIP saved £0.1 billion by 2015/16 and will have saved £0.6 billion by 2020/21 at a GB level. PIP was initially expected to reduce spending by almost £1.4 billion by 2015/16.<sup>13</sup> The Scottish share of the £0.6 billion by 2020/21 is expected to be around £65 million.

<sup>11</sup> OBR (March 2016) '[Economic and Fiscal Outlook](#)'.

<sup>12</sup> Paul Gray (July 2016) '[The Second Independent Review of the Personal Independence Payment Assessment](#)'.

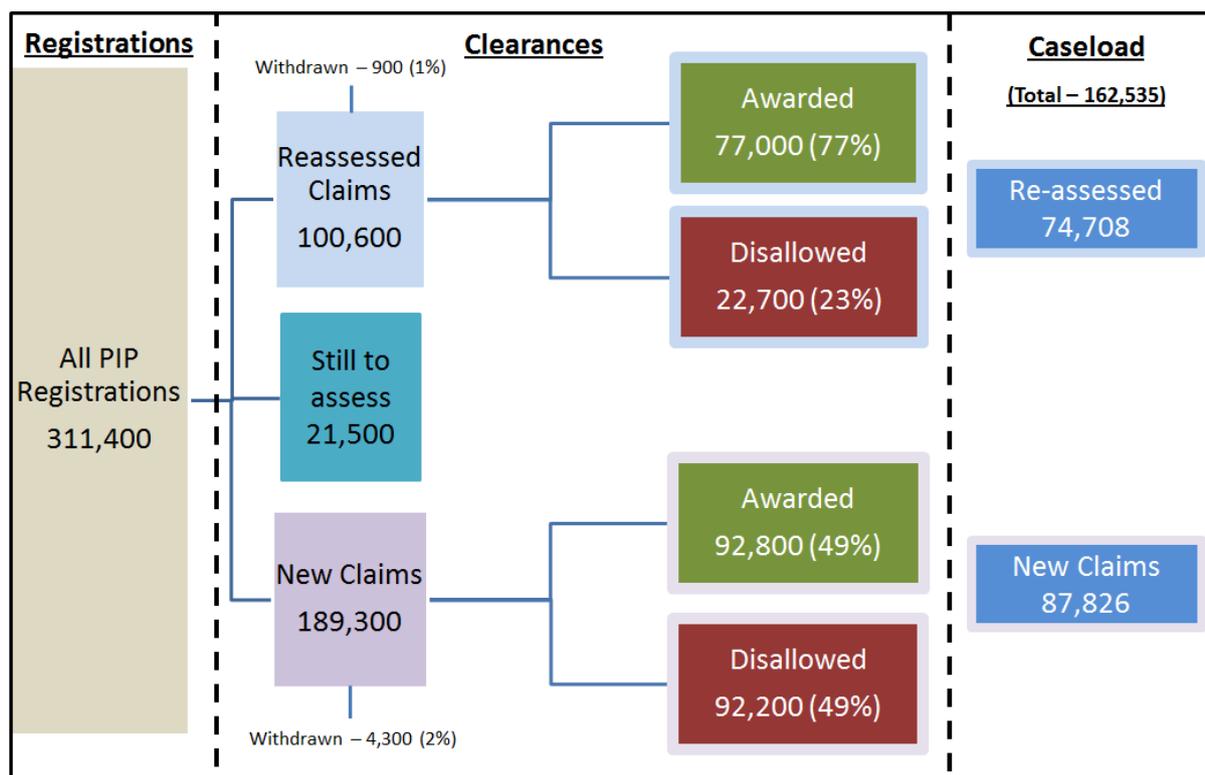
<sup>13</sup> OBR (October 2016) '[Welfare trends report](#)'.

### 3.3 The rollout of PIP

Between April 2013 and July 2017, 311,400 PIP claims have been registered in Scotland. Around 65% of these registrations have been from new claimants to the benefit, whilst around 35% have been claimants who have been re-assessed from DLA (88,400)<sup>14</sup>.

These numbers, which are presented in Figure 2 below, are based on PIP clearance statistics, which record the initial outcome of the assessment decision. This does not consider the outcome of mandatory reconsiderations or appeals (see section 3.4). As at July 2017, around 100,600 registered re-assessment r claims and around 189,300 registered new claims had been cleared, with around 21,500 registered cases awaiting an initial outcome. A small number of claims were withdrawn before a decision was made accounting for 900 (1%) re-assessment claims and 4,300 (2%) new claims. Around 49% of new claims to PIP (92,800) were successful in obtaining an award and around 77% (77,000) of re-assessment claims were successful in being awarded PIP, including those receiving a lower award level. There is some geographical variation in these award rates (see section 3.7).

**Figure 2 – PIP registrations, clearances and award status in Scotland between April 2013 and July 2017**

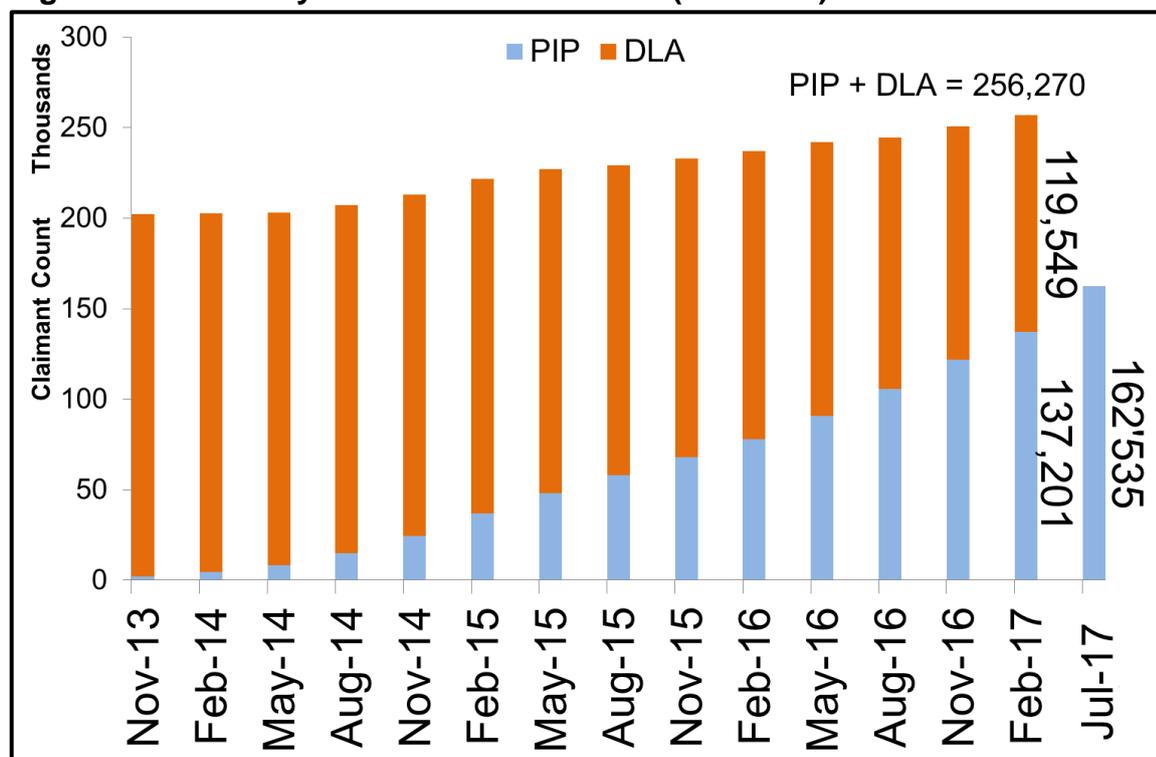


As for the total number of people (caseload) currently in receipt of PIP - as of July 2017, 162,535 people claimed PIP in Scotland. 74,708 (46%) of these people have been re-assessed from DLA, whilst 87,826 (54%) are new claimants to the benefit.

<sup>14</sup> 107,500 were re-assessment claims and 203,900 were new claims to PIP.

A considerable number of working-age people are still receiving Disability Living Allowance (DLA). As of February 2017<sup>15</sup>, 119,549 working-age people claimed DLA, slightly less than the number of PIP claimants at the same period (137,201). In total 256,270 working-age people claimed either DLA or PIP, with 46% claiming DLA and 54% claiming PIP.

**Figure 3 – Quarterly DLA and PIP caseload (Scotland) since November 2013**



### 3.4 Financial impact of PIP on disabled people

This section unpicks the complex picture of PIP re-assessment outcomes for people who have moved from DLA to PIP, and the financial impact of this change. This is based on an analysis of published DWP data which maps the outcomes of PIP re-assessments (before mandatory reconsiderations and appeals) to a person’s award under DLA.

#### Re-assessment outcomes

Both PIP and DLA have two main components, the Care or Daily Living component<sup>16</sup> and the Mobility component. A person claiming PIP/DLA will have either one or both of these components in their award. Each component is awarded at a given rate (see Table 2). For example, someone receiving the highest care rate and the medium mobility rate of DLA would have been paid £57.70 per week or around £3,000 per year.

<sup>15</sup> Caseload data for DLA is only available every quarter. DLA caseload data up to May 2017 will be published by DWP on 15 November 2017.

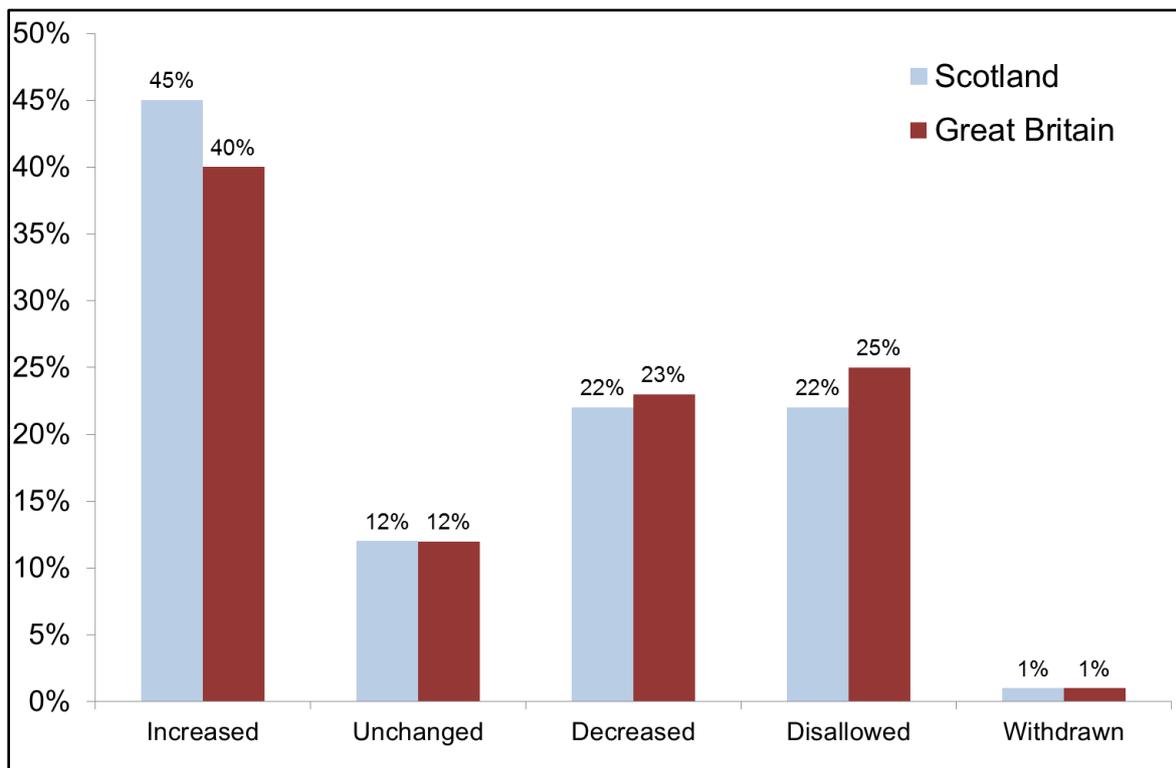
<sup>16</sup> ‘Daily Living’ is the name under PIP, while ‘Care’ is the name in DLA.

**Table 2 – DLA/PIP components and payment rates per week (2017/18)**

Component	Rate	DLA	PIP
Care/Daily Living	High/Enhanced	£83.10	£83.10
	Medium/Standard	£55.70	£55.70
	Low	£22.00	N/A
Mobility	High/Enhanced	£58.00	£58.00
	Medium/Standard	£22.00	£22.00

At a GB level, 526,500 people were re-assessed between October 2013 and October 2016. Over the same period in Scotland 52,800 claimants were re-assessed and around 22% (around 12,000) were not entitled to a PIP award. Around 45% of re-assessed claimants in Scotland received a higher PIP award than their DLA entitlement, which was higher than the GB proportion (40%). Figure 4 compares the high-level initial outcomes of PIP re-assessments at a GB and Scotland level.

**Figure 4 - Initial outcome of PIP re-assessments**



The more detailed picture presented in Table 3 shows the number of people with a given combination of DLA components/rates and how their award changed (in financial value) after being moved onto PIP. The patterns are fairly varied. For example, on the one hand 60% of DLA claimants that had lower care and lower

mobility components, saw their award increase under PIP, whilst 37% lost entitlement completely. On the other hand, only 25% of DLA claimants that had the higher care and no mobility component saw their award increase under PIP, whilst 63% saw their award decrease or lost entitlement completely.

Table 4 shows a yet more detailed breakdown of the information in Table 3, showing the number of people who were re-assessed from DLA to PIP broken down by both PIP and DLA award components/rates. It also shows the overall change in financial award after being transferred to DLA, with colour-coding indicating the extent to which the award increased or decreased the award.

For example, 12,100 people claiming the middle care rate of DLA and the lower mobility rate were, after being re-assessed, only entitled to the standard daily living rate of PIP. Those that did not go to a mandatory reconsideration or appeal or were unsuccessful in appealing this decision, would lose around £1,500 per year, compared to their entitlement under DLA.

The most significant loss is for claimants of the higher care and higher mobility rate of DLA who were disallowed PIP when re-assessed. Table 4 shows that 6,400 people lost over £7,000 per year due to the change in PIP. However, some of these people may have increased their award after appeals and mandatory reconsiderations are considered.

**Table 3 - DLA to PIP Re-assessment Outcomes - Comparison of DLA and PIP entitlement (Percentage of Total Re-assessment Outcomes)**

	Higher Care, Higher Mobility	Higher Care, Lower Mobility	Higher Care, Nil Mobility	Middle Care, Higher Mobility	Middle Care, Lower Mobility	Middle Care, Nil Mobility	Lower Care, Higher Mobility	Lower Care, Lower Mobility	Lower Care, Nil Mobility	Nil Care, Higher Mobility	Nil Care, Lower Mobility	Total DLA to PIP re-assessments
Award Increased	0%	26%	25%	36%	46%	40%	45%	<b>60%</b>	<b>59%</b>	<b>58%</b>	46%	<b>209,600 (40%)</b>
Award Unchanged	54%	11%	13%	15%	5%	18%	0%	0%	2%	3%	4%	<b>62,900 (12%)</b>
Award Decreased	<b>37%</b>	35%	25%	36%	15%	1%	<b>40%</b>	3%	0%	18%	0%	<b>120,700 (23%)</b>
Award Disallowed	9%	28%	<b>38%</b>	12%	33%	<b>39%</b>	15%	37%	38%	21%	<b>49%</b>	<b>129,500 (25%)</b>
Withdrawn	1%	1%	N/A	1%	1%	1%	1%	1%	1%	1%	1%	<b>3,700 (3%)</b>
<b>Total DLA to PIP re-assessments</b>	<b>72,200</b>	<b>42,100</b>	<b>1,600</b>	<b>70,700</b>	<b>93,300</b>	<b>8,400</b>	<b>80,100</b>	<b>63,500</b>	<b>46,700</b>	<b>31,200</b>	<b>16,600</b>	<b>526,500</b>

**Table 4 – DLA to PIP Re-assessment Outcomes - Comparison of DLA and PIP entitlement –numbers of people affected (GB) and annualised gain/loss in award of PIP**

PIP (rates)	Disability Living Allowance (rates)										
	Higher Care, Higher Mobility	Higher Care, Lower Mobility	Higher Care, Nil Mobility	Middle Care, Higher Mobility	Middle Care, Lower Mobility	Middle Care, Nil Mobility	Lower Care, Higher Mobility	Lower Care, Lower Mobility	Lower Care, Nil Mobility	Nil Care, Higher Mobility	Nil Care, Lower Mobility
Enhanced Daily Living, Enhanced Mobility	39,000 (£0)	10,300 (£1,429)	300 (£3,024)	25,400 (£1,429)	20,200 (£3,306)	1,000 (£4,453)	17,700 (£3,186)	9,400 (£5,063)	4,700 (£6,210)	4,400 (£4,333)	1,400 (£6,210)
Enhanced Daily Living, Standard Mobility	3,300 (-£1,429)	4,500 (£0)	100 (£1,596)	4,000 (£0)	10,500 (£1,877)	700 (£3,024)	4,200 (£1,757)	6,300 (£3,634)	2,900 (£4,782)	900 (£2,904)	900 (£4,782)
Enhanced Daily Living, Nil Mobility	900 (-£3,024)	6,800 (-£1,596)	200 (£0)	1,000 (-£1,596)	10,000 (£282)	900 (£1,429)	1,000 (£162)	6,200 (£2,039)	2,800 (£3,186)	200 (£1,309)	1,200 (£3,186)
Standard Daily Living, Enhanced Mobility	8,300 (-£1,429)	700 (£0)	- (£1,596)	10,800 (£0)	2,000 (£1,877)	200 (£3,024)	12,900 (£1,757)	2,100 (£3,634)	1,800 (£4,782)	5,200 (£2,904)	600 (£4,782)
Standard Daily Living, Standard Mobility	8,500 (-£3,306)	1,500 (-£1,877)	100 (-£282)	12,200 (-£1,877)	4,600 (£0)	600 (£1,147)	18,200 (-£120)	4,500 (£1,757)	5,400 (£2,904)	7,300 (£1,027)	1,200 (£2,904)
Standard Daily Living, Nil Mobility	4,300 (-£4,453)	5,700 (-£3,024)	300 (-£1,429)	6,600 (-£3,024)	12,100 (-£1,147)	1,500 (£0)	10,300 (-£1,267)	8,800 (£610)	9,800 (£1,757)	3,600 (-£120)	2,100 (£1,757)
Nil Daily Living, Enhanced Mobility	300 (-£4,333)	200 (-£2,904)	- (-£1,309)	600 (-£2,904)	700 (-£1,027)	- (£120)	900 (-£1,147)	500 (£730)	200 (£1,877)	800 (£0)	200 (£1,877)
Nil Daily Living, Standard Mobility	800 (-£6,210)	400 (-£4,782)	- (-£3,186)	1,400 (-£4,782)	1,400 (-£2,904)	100 (-£1,757)	2,500 (-£3,024)	1,600 (-£1,147)	900 (£0)	2,000 (-£1,877)	700 (£0)
Disallowed	6,400 (-£7,357)	11,800 (-£5,929)	600 (-£4,333)	8,200 (-£5,929)	31,200 (-£4,052)	3,300 (-£2,904)	11,900 (-£4,171)	23,800 (-£2,294)	17,700 (-£1,147)	6,600 (-£3,024)	8,100 (-£1,147)

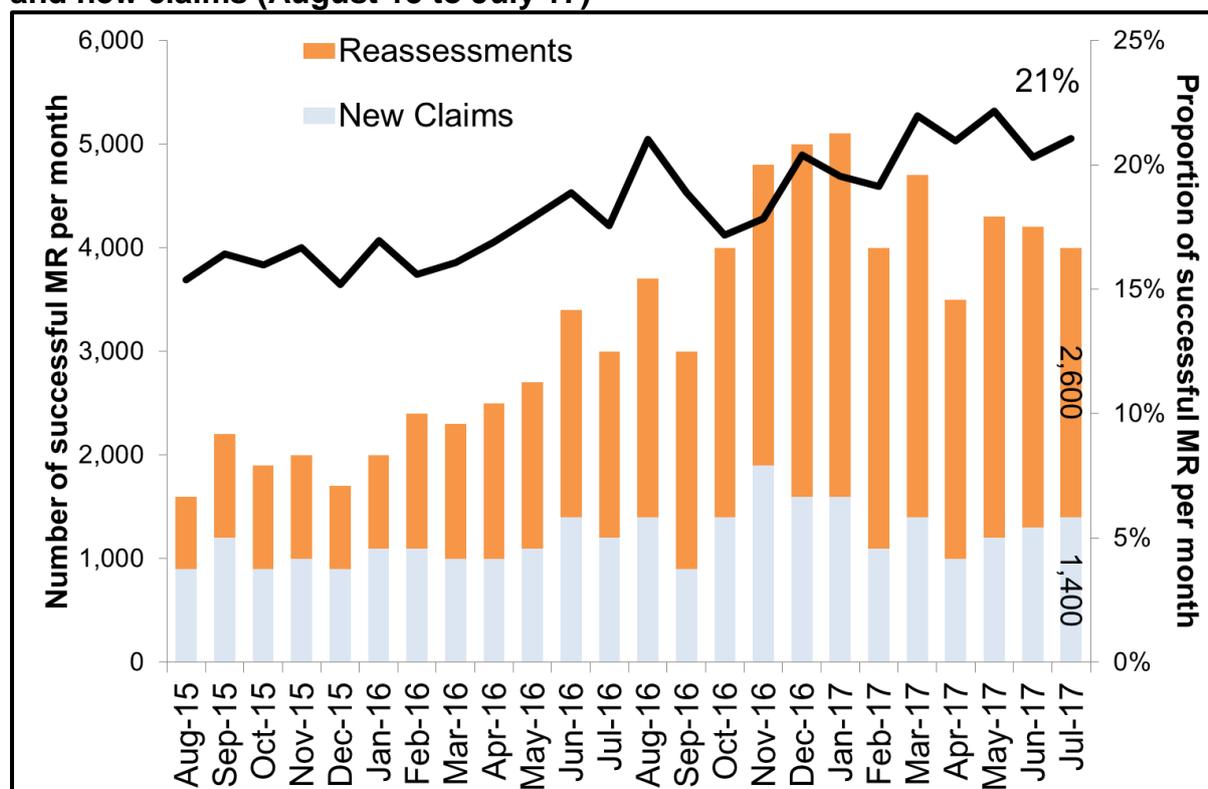
### 3.5 Mandatory Reconsiderations and Appeals

Claimants who disagree with the outcome of their assessment may request a mandatory reconsideration (MR) from DWP. Should the MR result in no change in decision, claimants can appeal to a tribunal through HM Courts and Tribunals Service (HMCTS). The MR and appeal process can take a number of months, during which the claimant does not receive their award. If successful, payments are backdated to the date of the original decision. All data discussed in this section refers to GB level.

The number of successful mandatory reconsiderations (those which led to a higher PIP award compared to the initial decision) peaked in December 2016, with lower numbers of successful MRs in the following months to July 2017 (see Figure 5). The success rate of claims reconsidered has been relatively stable over the period (August 2015 to July 2017), with an average of 19% and a maximum of 22.2% in May 2017. The success rate of mandatory reconsiderations for re-assessed claims is slightly higher, with an average of 20.5% over this period, compared to 16.2% for MR of new PIP claims.

This means that around 1 in 5 people who previously claimed DLA who challenge the outcome of their PIP assessment will have their award increased following a mandatory reconsideration.

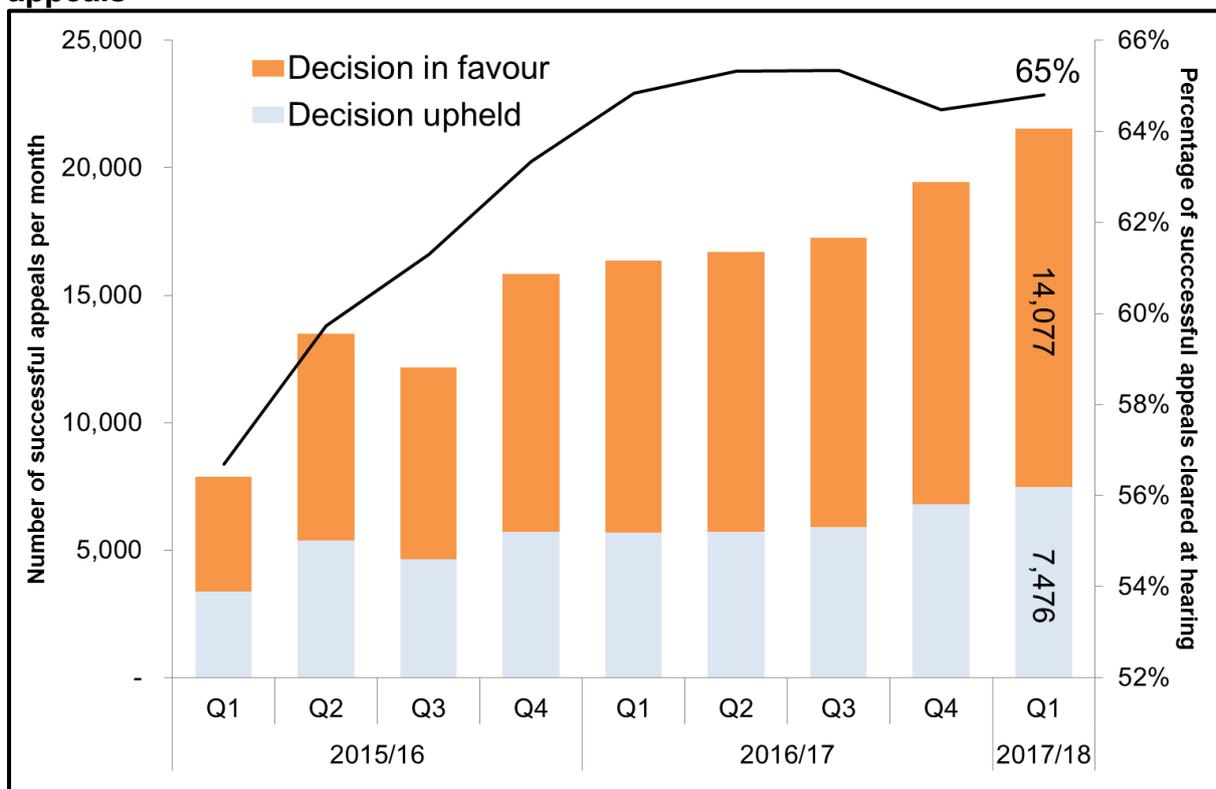
**Figure 5 - Number of successful MRs per month (GB level) by re-assessments and new claims (August 15 to July 17)**



The data on appeals does not show how they break down into appeals in relation to new claims and appeals in relation to re-assessment claims. In total around 93,600 appeals have been ruled in favour of the applicant at the GB level<sup>17</sup>. In the first quarter of 2017/18 (April 2017 to June 2017), 21,722 PIP appeals were cleared at hearing, 65% of which (14,077) resulted in a decision being made in favour of the PIP claimant, increasing their PIP award.

Based on recent appeals data, less than a third of appeals that are cleared at a hearing uphold the original decision made by DWP in relation to PIP assessments.

**Figure 6 - PIP appeals cleared at hearing (GB) by decision outcome (in favour of claimant and original decision upheld) and percentage of successful appeals**



### Overall financial impact of PIP

Based on the re-assessment outcomes that we have already seen between October 2013 and October 2016, and making a number of simplifying assumptions about the future rollout of PIP, it is possible to assess the full impact of PIP on working-age people who previously (or still are) claiming DLA.

Around 202,300 people in Scotland claimed DLA in October 2013. By October 2016, the DLA caseload had reduced to around 135,500 people - a reduction of around 66,800. It is known that over this period 52,800 people were re-assessed for PIP,

<sup>17</sup> Includes data up to the first quarter of 2017/18.

with the remaining number of cases (14,000 people) being 'rising 16s'<sup>18</sup> and natural off-flow from the DLA caseload.<sup>19</sup>

Based on the latest expenditure forecasts for working age DLA spending at a GB level, the full rollout of PIP is expected to be complete by 2019/20. Assuming all working-age DLA claimants will have transitioned to PIP by October 2019, and applying the % share of outcomes observed in the first 3 years DLA re-assessments forward to October 2019, the following results are found (see Table 5).

**Table 5 – Estimated DLA re-assessment by outcome (including natural off-flow) at full PIP rollout**

	Oct-13 to Oct-16	Oct-16 to Oct-19 (estimated)	Oct-13 to Oct-19 (estimated)	
<b>Total DLA reassessments</b>	<b>66,800</b>	<b>135,500</b>	<b>202,300</b>	
Award Increased	23,300	46,300	69,600	34%
Award Unchanged	6,200	12,400	18,600	9%
Award Decreased	11,400	22,600	34,000	17%
Disallowed	11,400	22,600	34,000	17%
Withdrawn	500	1,000	1,500	1%
Rising 16s	8,400	16,900	25,300	13%
Natural off-flow	5,600	13,600	19,200	9%

Based on this analysis, nearly 70,000 DLA claimants in Scotland could receive a higher award after being re-assessed for PIP. Whilst, conversely, just over 68,000 DLA claimants could have had their award reduced (34,200) or disallowed (34,200).

The above figures do not take into account mandatory reconsiderations or appeals. As mentioned in section 3.2, the Office for Budget Responsibility expects that, once mandatory reconsiderations and appeals are taken into account, 83% of people that claimed DLA who are re-assessed from PIP will receive an award under the new benefit. Applying this percentage to the total number of re-assessments expected by the time PIP is fully rolled out (183,200),<sup>20</sup> it is estimated that around 30,000 DLA claimants in Scotland will lose entitlement to disability benefit entirely due to the introduction of PIP<sup>21</sup>.

### 3.6 Impact of PIP on different disabilities

DWP statistics show re-assessment outcomes by 'main disabling condition' (at a GB level). The 'main disabling condition' is the main medical reason for someone

<sup>18</sup> Rising 16s are claimants who reach 16 years of age and so cease to be eligible for DLA but may be eligible for PIP. DWP re-assessment outcome data did not capture this group, so an adjustment has been made to account for the likely number of cases missing from these statistics.

<sup>19</sup> This may also include people who were invited to a PIP assessment but did not attend and were therefore removed from the DLA caseload without having an assessment.

<sup>20</sup> Net of natural off-flow and withdrawn re-assessment cases.

<sup>21</sup> This figure differs from the 34,000 disallowed (pre appeal and MR). Around 22% of claims in Scotland are disallowed PIP and a further 1% are withdrawn, so 77% will receive a PIP award initially (slightly higher than GB average of 74%). The 30,000 figure is adjusted for the results of successful MRs and appeals.

claiming Disability Living Allowance.<sup>22</sup> For those cases where more than one condition is present, it is only the main disabling condition which is reported on in these statistics.

Figure 7 shows the initial assessment outcomes of people re-assessed for PIP between October 2013 and October 2016 by disability category, as recorded under DLA. Figure 7 covers the 11 largest disability categories, covering over 90% of people who were re-assessed for PIP during this period.<sup>23</sup> Some categories contain a number of sub-conditions.

Over two-thirds of those who were recorded as having a visual disease (blindness and partial sight) under DLA, received an increased award when assessed under PIP, although this is a small category with only 10,100 cases over the period (at a GB level).

Whilst 43% of those that were recorded as having a psychiatric disorders under DLA received an increased award under PIP, over a third (34%) were disallowed. Psychiatric disorders accounted for 193,300 re-assessments, around 37% of all re-assessment cases between October 2013 and October 2016. There was a degree of variation between disability conditions within the 'psychiatric disorder' group. For example, 58% of those with a learning difficulty saw an increase in their award after re-assessment, whereas over half of people with a recorded behavioural disorder or personality disorder were disallowed or had their award reduced.

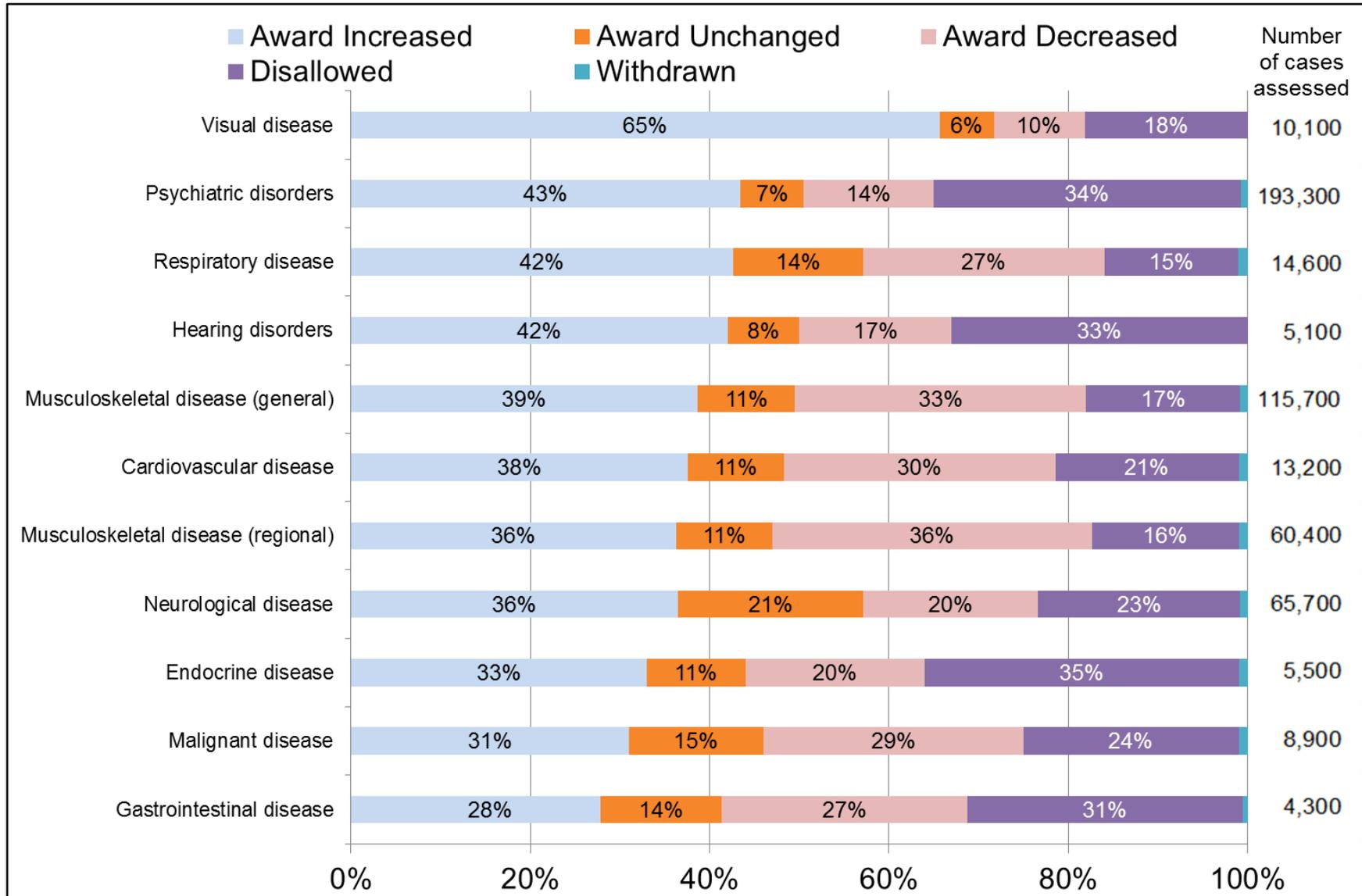
Around 39% of those recorded with musculoskeletal disease (general) under DLA (155,700 people at a GB level) received an increased award under PIP, around a third (33%) received a lower award and 17% were disallowed. Those recorded as having arthritis were more likely to receive a lower award or be disallowed PIP. This may be because compared to DLA, a smaller proportion of PIP recipients receive a mobility rate.

---

<sup>22</sup> Under PIP, medical conditions are recorded under a different categorisation system which is not directly comparable to the DLA classification.

<sup>23</sup> Another 6 smaller disability categories are recorded covering the other 4% of people re-assessed. These are excluded for presentational reasons.

**Figure 7 - DLA to PIP Re-assessment Outcomes - Comparison of DLA and PIP entitlement by disability categories**



### 3.7 Geographical variation of PIP award success rates

Average Scottish PIP award rates are 50% for new claims and 78% for reassessments<sup>24</sup> (see section 3.3). There is, however, clear variation between Local Authorities (see Tables 6 and 7). For new claims, award rates vary between 52% in East Dunbartonshire, and 43% in Dundee City (see Table 6). For reassessments, rates vary between 82% in Stirling, and 72% in Aberdeen (see Table 7). These award rates are averages across the latest 12 months of data (August 2016 to July 2017). As Paul Gray makes clear in his Second Independent Review of PIP, there is fluctuation in the variation between local authority level figures. However, at a Scottish level, the data shows that Aberdeen, Glasgow, Dundee and Renfrewshire consistently have some of the lowest award rates across Scottish local authorities for new and re-assessment claims.

**Table 6 - PIP award rates by Scottish Local Authority (August 2016 to July 2017) April 2017) – New Cases**

<b>PIP award rates by Scottish Local Authority (New Cases)</b>			
East Dunbartonshire	52%	South Lanarkshire	48%
Midlothian	52%	Angus	47%
East Lothian	52%	West Dunbartonshire	47%
South Ayrshire	52%	North Lanarkshire	47%
Argyll and Bute	51%	East Renfrewshire	45%
Scottish Borders	50%	East Ayrshire	45%
West Lothian	50%	Stirling	44%
Dumfries and Galloway	50%	Perth and Kinross	43%
Moray	50%	North Ayrshire	43%
Fife	49%	Inverclyde	42%
Highland	49%	Glasgow City	41%
City of Edinburgh	49%	Aberdeen City	41%
Clackmannanshire	49%	Renfrewshire	40%
Aberdeenshire	48%	Dundee City	37%
Falkirk	48%	Orkney, Shetland and Eilean Siar*	

*\*Statistical disclosure control on administration data from these local authorities means that it was not possible to calculate the PIP award rate.*

<sup>24</sup> DWP Stat-Xplore data

**Table 7 - PIP award rates by Scottish Local Authority (August 2016 to July 2017) - Reassessments**

<b>PIP award rates by Scottish Local Authority (Reassessments)</b>			
Stirling	82%	East Ayrshire	78%
South Ayrshire	81%	Angus	77%
Dumfries and Galloway	81%	Moray	77%
West Lothian	80%	North Ayrshire	77%
Argyll and Bute	80%	East Renfrewshire	76%
Highland	80%	Perth and Kinross	76%
Aberdeenshire	80%	Clackmannanshire	75%
South Lanarkshire	79%	Inverclyde	75%
Midlothian	79%	East Dunbartonshire	74%
Falkirk	79%	Renfrewshire	74%
Fife	79%	Glasgow City	74%
Scottish Borders	79%	Dundee City	73%
East Lothian	78%	West Dunbartonshire	73%
North Lanarkshire	78%	Aberdeen City	72%
City of Edinburgh	78%	Orkney, Shetland and Eilean Siar*	

*\*Statistical disclosure control on administration data from these local authorities means that it was not possible to calculate the PIP award rate.*

## 4. Indirect impact of Personal Independence Payments

Section 3 focused on the available evidence of the direct impact of PIP in terms the financial losses experienced by people who are re-assessed from DLA. This section focuses on evidence of the non-financial or indirect impacts of PIP – including the assessment process and impacts on those entitled to a mobility vehicle.

### 4.1 Assessments

It is generally recognised that assessments for PIP have led to some claimants having negative experiences of the process. This is evidenced in a number of studies, including Paul Gray's Second Independent Review of PIP<sup>25</sup> commissioned by DWP. The Gray's review states that *'Common concerns were that the process from application through to the decision of entitlement was very stressful, too long and that the Health Professionals conducting the assessment were not adequately trained to understand their condition'*.

In 2015, PIP overtook ESA as the most common problem reported by clients at Citizens Advice across the UK. In April 2015, 11,500 people sought guidance from the bureaus (to put this number in context, 52,000 new claimants and reassessments were processed by the DWP in the same month).<sup>26</sup> The three most common problems with PIP, presented by Citizens Advice clients in 2014/15 were: confusion over eligibility (over 100,000 cases), making and managing claim issues, including problems with delays (over 50,000 cases); and challenges and appeals (over 20,000 cases).

In a briefing paper on the UN Inquiry into the Rights of Persons with Disabilities in the UK, from the House of Commons Library,<sup>27</sup> it is asserted that 'regular re-assessment could cause anxiety and affect physical or mental health of vulnerable claimants.'

The Disability Benefits Consortium (DBC) launched its annual Big Benefits Survey in February 2017.<sup>28</sup> 2,614 respondents to the survey had applied for PIP or DLA. Of these, 1,730 claimants had either applied directly for PIP as a new claimant or were reassessed DLA claimants and had therefore been assessed for PIP. 84% of claimants had applied for PIP relatively recently – in either 2015, 2016 or 2017. In relation to assessments, the responses to the survey showed that:

- In many cases people were unaware that they are able to request a home assessment: 79% of respondents were not told about the opportunity to request a home visit.

---

<sup>25</sup> Paul Gray (July 2016) ['The second Independent Review of the Personal Independence Payment Assessment'](#), DWP.

<sup>26</sup> Citizens Advice (August 2015) ['PIP failures are risking people's ability to live independently, says Citizens Advice.'](#)

<sup>27</sup> House of Commons Library (January 2016) ['The UN Inquiry into the Rights of Persons with Disabilities in the UK'](#), Briefing Paper Number 7367.

<sup>28</sup> Disability Benefits Consortium (September 2017) 'Supporting those who need it most? Evaluating Personal Independence Payment'

- Two-thirds of survey respondents disagreed when asked if assessors understood their condition. 58% disagreed that their assessor “took into account whether I could do activities reliably, repeatedly, safely and in a timely manner” and almost half disagreed that the assessor “took into account extra evidence about my condition that I sent in advance”.
- Almost 90% of respondents described their assessment as ‘stressful’ and over three-quarters of respondents agreed that the stress and anxiety associated with their PIP assessment made their condition worse.

### Case Study A

A West of Scotland CAB reports of a client who has Cerebral Palsy and previously received high rate mobility for DLA. After PIP assessment she was awarded standard rate mobility. The initial decision was not changed following Mandatory Reconsideration. Following an appeal to the First Tier Tribunal, the client was awarded Enhanced rate Mobility.

*Source - CAS*

## 4.2 Motability

The Motability scheme allows those who are on the highest rate of PIP or DLA to lease a suitable car, scooter or powered wheelchair in return for their weekly award. One key change in the Mobility component of PIP, compared with DLA, is the use of the distance benchmark for assessing claimants’ ability to move around unaided.

Under DLA, if a claimant is unable to move 50m or more unaided, they qualify for the highest rate under the benefit’s mobility component and gain access to the Motability scheme. This benchmark is reduced to 20m for PIP. The DWP<sup>29</sup> projected in 2012 that 42% of claimants would lose their eligibility for Motability as a result of lower award at re-assessment. Using the latest data on re-assessment outcomes to better inform the estimate of the number of working-age people who could lose Motability, a comparable figure would be around 31%.<sup>30</sup>

The latest statistics published by Motability<sup>31</sup> show that up to September 2017, around 111,500 people in total have joined the Motability Scheme using Personal Independence Payment (PIP) rather than Disability Living Allowance (DLA). Of those re-assessed from PIP to DLA, around 83,500 have been awarded the same level of mobility support under PIP and have remained on the scheme. Around 67,000 people have lost their eligibility to remain on the scheme due to their PIP reassessment. However, around 4,500 have since re-joined Motability following a successful reconsideration or appeal.

<sup>29</sup> DWP (December 2012) ‘[Personal Independence Payments: Reassessments and Impacts](#)’.

<sup>30</sup> Note – Scottish Government analysis, applied detailed re-assessment outcomes as published in October 2016 to update this estimate.

<sup>31</sup> Motability ‘Personal Independence Payment and the Motability Scheme’

Analysis of written responses to the consultation on social security in Scotland shows that this loss of entitlement to Motability has a clear negative impact on affected claimants' independence, risking social isolation and worsening health.<sup>32</sup> In April 2017, the Government announced that those who lose their entitlement to Motability and, as a result of an unsuccessful re-assessment from DLA to PIP, and appeal the decision, would be able to keep their Motability vehicle for eight weeks from the end of their DLA award.

In their responses to the Disability Benefits Consortium (DBC) survey 178 people revealed the impact of losing access to the Motability scheme. Of these, 40% explained that they could no longer get around independently, 44% were forced to buy their own car and 31% had to pay for taxis, which reduced their independence.

### **Case Study B**

A disabled parent with children lost their mobility car during the transition from DLA to PIP. They are now wondering how they are going to get their disabled child to hospital/specialist appointments.

*Source – CPAG*

### **Case Study C**

A disabled man with a progressive eye condition (and registered blind) was migrated from DLA to PIP. He was awarded the standard rate for the mobility component which meant that he was set to lose the family car which enables his wife to take him out and also to take their children to school. There had also been a delay in receiving the award letter, meaning that the car he and his family used was due to be returned within a few days, leaving no time to challenge the decision in the usual way. The person relied on advice and advocacy services in contacting DWP through the escalation route. The decision was reviewed and he was awarded the enhanced rate for the mobility component which would allow him to keep the car.

*Source - RNIB Scotland, via Disability Agenda Scotland (DAS)*

---

<sup>32</sup> Scottish Government (February 2017) '[Analysis of written Responses to the Consultation on Social Security in Scotland](#)'.

## 5. Impact of Employment and Support Allowance

### 5.1 Background to ESA

Employment and Support Allowance (ESA) was introduced in 2008 with the aim to provide financial support and personalised assistance to help claimants who are ill or disabled back into work. People who apply for Employment and Support Allowance (ESA) are required to undergo a work capability assessment (WCA). The work capability assessment allocates claimants into one of two groups:

- *Support group* – the claimant is assessed as having limited capability for work-related activity. The claimant does not have to take part in work-focused interviews or associated activity as a condition of receiving their benefit.
- *Work-related activity group (WRAG)* – the claimant is assessed as being able to participate in work-related activity. People in this group are too ill to work but are expected to be able to return to work eventually. Claimants are usually required to take part regularly in work focused interviews with a DWP personal advisor, however this can be done via the telephone and does not require the claimant to travel to a Job Centre.

Because individuals in the work-related activity group are required to take part in interviews or training, they can be sanctioned as a result of not complying with DWP conditions. As of February 2017, 53,699 individuals in Scotland received the ESA WRAG, accounting for 21% of all ESA claimants. 165,540 individuals were in the Support group.<sup>33</sup>

Single people in the ESA support group are entitled to £109.65 per week (£5,720 per year), whilst those in the ESA work-related activity group are entitled to £102.15 per week (£5,330 per year) if an existing claim, or £73.10 per week (£3,810 per year) if a new claim from April 2017.

### 5.2 ESA sanctions

It is important to note that ESA sanctions were not part of the welfare reforms introduced since 2010, as they had always been part of ESA since its introduction as a benefit in 2008 for those in the WRAG group. However, from 3rd December 2012 a revised sanctions regime for ESA WRAG claimants was introduced.

Under the new rules ESA WRAG claimants who fail to comply with the conditions for receiving the benefit receive an open ended sanction meaning that the claimant will not be paid until they comply with DWP conditions. Once they have complied with DWP conditions, this open ended sanction will be followed by a fixed period sanction of between one to four weeks.

---

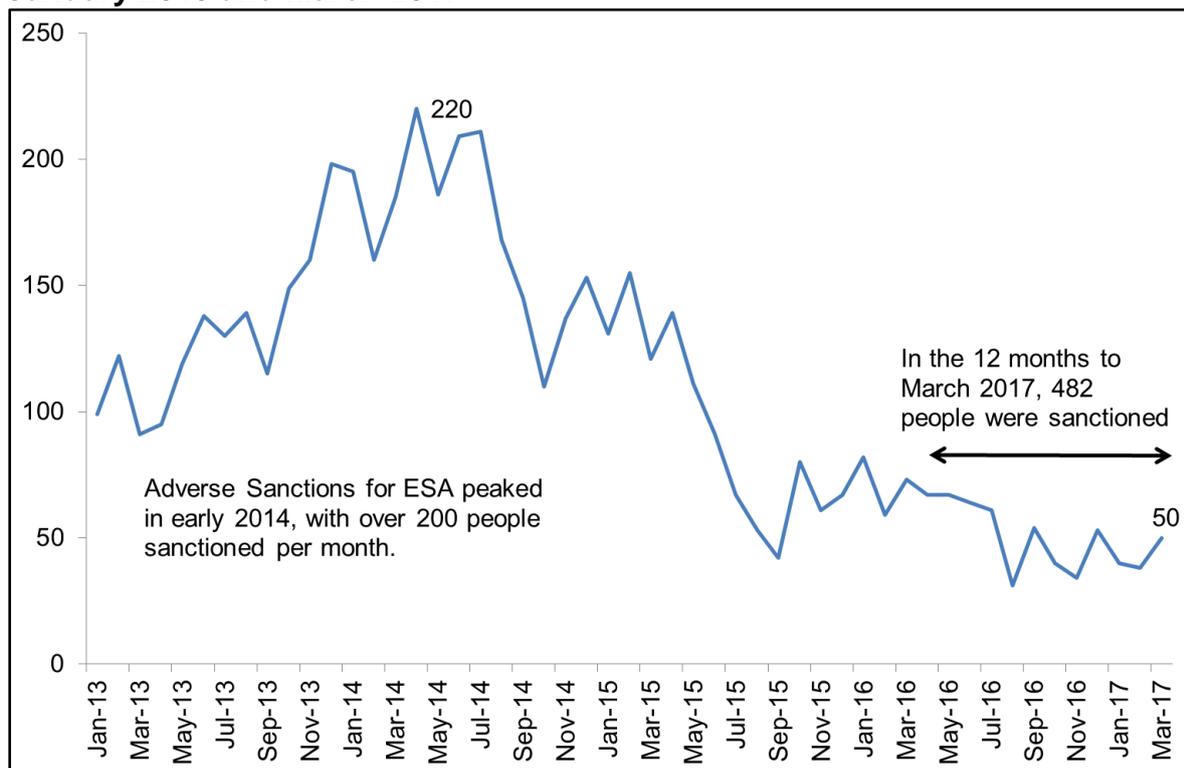
<sup>33</sup> 38,800 individuals were recorded in the 'Assessment group' and 6,952 were not known. The assessment group includes new claimants who apply for ESA and are awaiting their Work Capability Assessment

The fixed period sanction will be one week for a first failure, two weeks for a second failure and four weeks for a third and subsequent failures in a 52 week period.

Claimants who are sanctioned will lose all of their personal allowance, but their WRAG component (if they are entitled to this component) will not be affected. This means that claimants will lose £73.10 per week<sup>34</sup> for each week that they are subject to a benefit sanction. Those affected by a sanction will only receive a maximum of £29.05 per week for each week they are sanctioned. However, those who have made a new claim to ESA since April 2017, and are therefore not entitled to the work related activity component, will lose all of their ESA award.

Since the new sanction regime was introduced, 4,258 people have been subject to an adverse ESA sanction in Scotland. Sanctions are recorded on a monthly basis. The number of people sanctioned peaked in early 2014, at over 200 per month. More recently, around 50 people per month are being sanctioned, with 428 people affected by a sanction in the 12 months to March 2017.

**Figure 8 - Number of ESA adverse sanctions each month (Scotland) between January 2013 and March 2017**

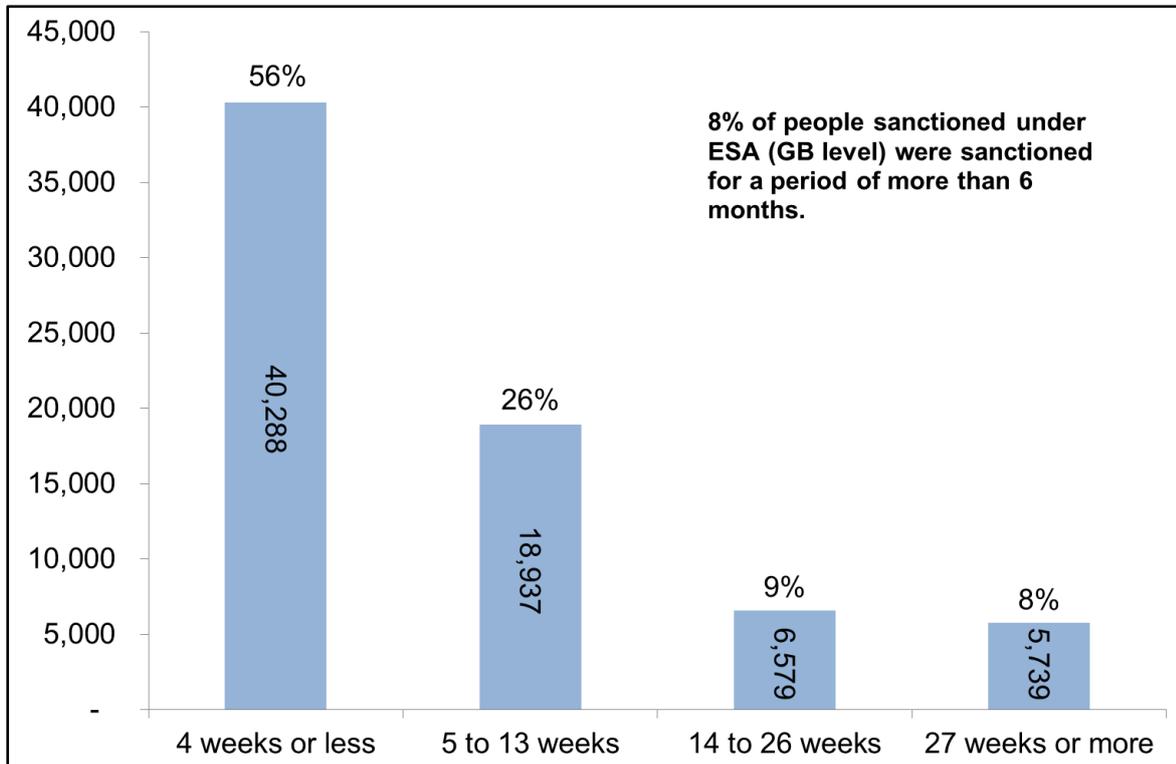


Nearly half of those sanctioned under ESA in the 12 months to March 2017 (257 people in total) were recorded as having mental and behavioural disorders. Around 73% (356) of sanctions were applied because someone failed to participate in work related activity, 27% (133) of sanctions were applied because someone did not take part in a mandatory interview.

<sup>34</sup> Different amounts if claiming ESA as a couple.

Data on the length of time an ESA sanction is applied for is shown at a GB-level in Figure 9. Over half of ESA sanctions are in place for 4 weeks or less, whilst 8% of sanctions are applied for 27 weeks or more (over 6 months). Although these figures are GB-level, applying a Scotland share to these figures suggest that around 470 people have been sanctioned for more than 6 months in Scotland.<sup>35</sup>

**Figure 9 - Number of sanctions by length of time sanction is applied (GB – level)**



### Case Study D

An East of Scotland CAB reports of a vulnerable client suffering from anxiety and depression whose ESA payments have been sanctioned, leaving the client in severe hardship with approximately £10 per week to live on (after other deductions). The client telephoned the DWP to explain she would not be able to attend her weekly triage as she had no money for bus fare to the Jobcentre, yet she was still sanctioned. The client is now in receipt of food parcels and requires a grant from the Scottish Welfare Fund and a gas grant to survive.

Source - CAS

<sup>35</sup> Based on 8.18% Scottish share of all GB ESA sanctions since January 2013.

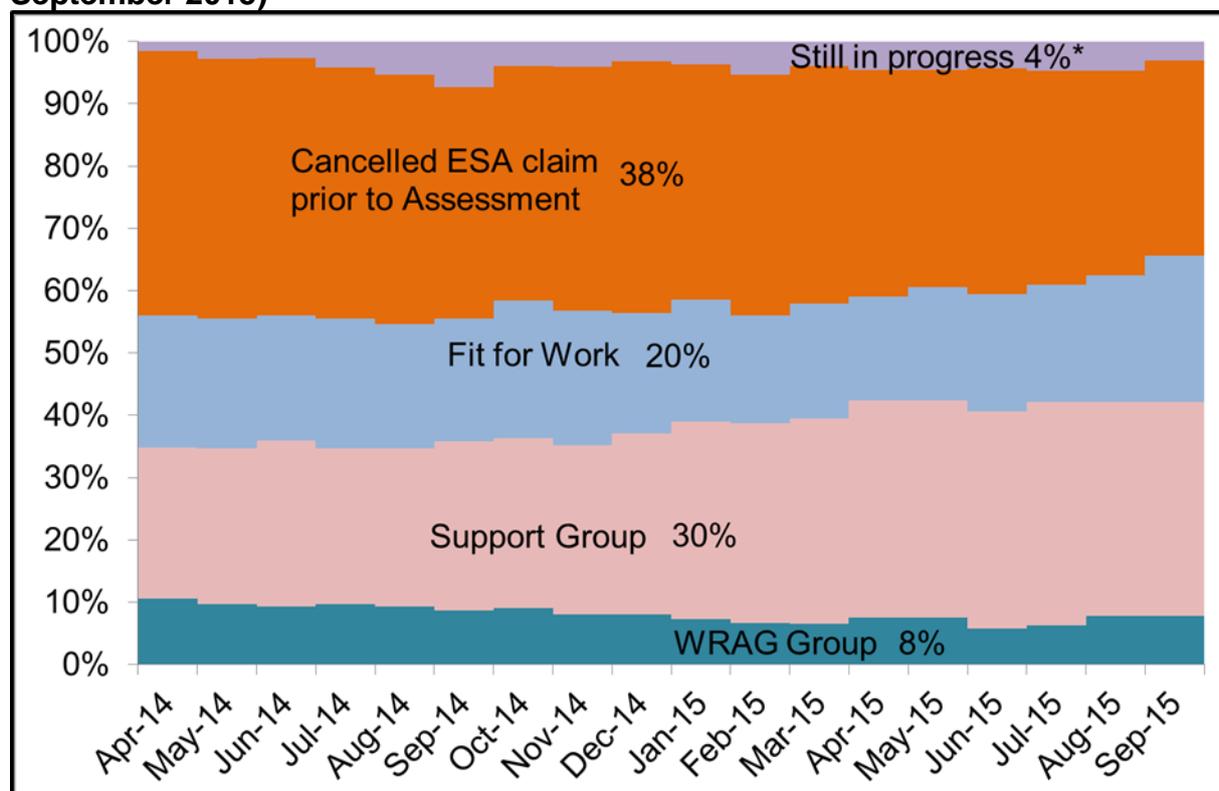
### 5.3 Removal of the ESA work-related activity component

A key reform to ESA came into force in April 2017, when the work-related activity component (£29.05 per week) was abolished for new claimants. The policy was motivated by the aim to align ESA WRAG with JSA (Jobseekers Allowance). From April 2017, people who started an ESA claim and were then placed in the WRAG group after the work capability assessment, will not be entitlement to the work-related activity component.

This policy is estimated to reduce welfare spending by £0.21 billion at a GB level by 2020/21. At a Scotland level, it is estimated that this policy will save around £26 million by 2020/21.<sup>36</sup> Once fully rolled out this policy will affect all claimants currently in the WRAG group of ESA in Scotland or around 64,000 people in total. However, the policy only affects new claims, so to get a sense of the impact of this policy change in Scotland, an estimate of the number of new ESA cases in the WRAG group is needed.

According to the latest DWP statistics between April 2014 and September 2015, an average of 7,100 people per month applied for ESA in Scotland (with a maximum of 8,300 and minimum of 6,300 per month).<sup>37</sup>

**Figure 10 - Initial outcomes of WCA assessments in Scotland (April 2014 to September 2015)**



<sup>36</sup> For more information on these policies see the [Welfare Reform Act 2012 - Annual Report 2017](#)

<sup>37</sup> Between April 2014 and September 2016, the average number of WCA cases was 6,800. This time period is excluded from the analysis due to the lag in progressing WCA cases, and the uncertainty in determining how many WCA assessments are genuinely awaiting outcome of a WCA, and how many are clerical cases where it has not been possible to data match.

Figure 10 shows that in each month around 38% of cases are withdrawn or cancelled prior to WCA. Around 30% of WCA cases end in people being placed in the Support Group, whilst around 20% of cases are assessed as 'fit for work'. Only around 8%, less than 600 cases per month are initially assigned to the WRAG group. A number of cases (around 4% over this period) were recorded as awaiting an assessment.<sup>38</sup>

Based on these figures, the average annual on-flow to the WRAG group would be between 6,000 and 8,000 per year in Scotland. However, this could be an underestimate because it does not take into account the increase in the number of people in the WRAG group after Mandatory Reconsiderations and Appeals.

DWP GB level estimates of the outcome of WCAs after mandatory reconsiderations and appeals are considered and then applied to the Scotland-level figures in Figure 10. This analysis suggests that the actual number of people who start an ESA WRAG claim is some 17% higher than the number that are initially assigned to the WRAG group after the WCA.

This suggests that between 7,000 and 10,000 people per year starting a claim to ESA in Scotland will not be entitled to the work related activity component.

It should be acknowledged that the introduction of Universal Credit and behavioural change will potentially have an impact on the number of people being assessed at a WCA and the number of people moving into the WRAG group or appealing the decision may be less than was historically the case because there is no additional component as part of the award.

### **Case Study E**

A West of Scotland CAB reports of a vulnerable veteran with a number of chronic health conditions. Job Centre Plus declined to process client's ESA application and insisted that client continue on JSA, despite submitting an 8-week fit note for these conditions. This resulted in client's ESA assessment taking place five weeks later than it should have, which will impact on his income (a reduction of at least £29 per week) if he is placed in the Work Related Activity Group (WRAG).

*Source - CAS*

## **5.4 Other changes to ESA**

Two additional significant changes to Employment and Support Allowance have been made since 2010.

The first change was that from April 2012, new claimants of contributory ESA and assessed as eligible for the Work Related Activity Group, would only be entitled to the contributory form of the benefit for up to one year. Those still claiming ESA after

<sup>38</sup> The cases are likely to be a mix of those awaiting assessment and clerical cases where it has not been possible to data match claimants who have went through an WCA with the outcome of the assessment.

one year may then claim income-based ESA, but they may not be entitled to any benefit if they or their partner have other income or capital above a certain level.

As set out by the OBR, the limit of contribution based ESA (WRAG) to 1 year was expected to be a significant saving (£2 billion by 2015/16), but is now only thought to have saved around £0.2 billion.<sup>39</sup> The original saving estimate was based on assumptions about the behavioural response of those affected by the change, for example, whether people would move onto the income-based version of the benefit once their contribution-based entitlement expired. The assumption at Budget 2012 was that 36% of the WRAG caseload would be made up of those entitled to the contributory-based benefit. In practice, the percentage is much lower (less than 5% in Scotland), which implies that far more people moved from contribution-based to income-based ESA after 1 year than originally expected.

The second change was the abolition of the ESA 'youth' provision, which allowed those aged 16 to 19 (or 25 if in education) to qualify for contributory ESA without meeting the normal National Insurance conditions. Ahead of introducing the policy, the DWP estimated that 15,000 young people (across GB) would lose their entitlement in the first three years of the policy. In Scotland, over 400 people aged 16-25 claimed contribution-based ESA before this policy was introduced.

---

<sup>39</sup> Office for Budget Responsibility (October 2016) ['Welfare Trends Report'](#)

## 6. Bedroom Tax

From April 2013, DWP introduced a reduction in Housing Benefit for working-age households judged to be under-occupying their property in the social rented sector (a similar reduction was introduced to the housing element of Universal Credit). The reduction in Housing benefit or UC housing element is 14% for those with one spare room and 25% with two or more spare rooms. The UK government refers to this change as the 'removal of the spare room subsidy', but it is more commonly known as the 'bedroom tax'.

The Scottish Government has been mitigating the bedroom tax since 2013 through funding Discretionary Housing Payments for those affected and has announced it intends to use its powers under the Scotland Act 2016 to abolish the bedroom tax for those on Universal Credit.

DWP statistics of households claiming housing benefit and subject to the bedroom tax<sup>40</sup> show, that as of May 2017, 40,900 households affected by the bedroom tax are also in receipt of Employment Support Allowance. This represents around 57% of the total number of households (71,000) affected by the bedroom tax through Housing Benefit in Scotland. On average, households claiming ESA lose around £12.50 per week in housing benefit (£650 per year), although this loss may be mitigated through Discretionary Housing Payments.

Previous analysis produced in June 2013 and using the Family Resources Survey data from over a number of years up to 2011/12, suggested that around 80% of households affected in Scotland contain an adult with a 'Disability Discrimination Act' recognised disability.<sup>41</sup>

---

<sup>40</sup> This excludes those affected by the bedroom tax through Universal Credit.

<sup>41</sup> Scottish Government (June 2013) ['Updated Evidence on the Number of Households Affected by the Housing Benefit Under Occupation Penalty'](#).

## References

Citizens Advice (August 2015) 'PIP failures are risking people's ability to live independently, says Citizens Advice'. Available at:

<https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/PIP-failures-are-risking-peoples-ability-to-live-independently-says-citizens-advice/>

Department for Work and Pensions (December 2010) 'Public consultation. Disability Living Allowance reform'. Available at:

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/181637/dla-reform-response.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181637/dla-reform-response.pdf)

Department for Work and Pensions (December 2012) 'Personal Independence Payments: Reassessments and Impacts'. Available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/180964/PIP-reassessments-and-impacts.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180964/PIP-reassessments-and-impacts.pdf)

Disability Benefits Consortium (September 2017) 'Supporting those who need it most? Evaluating Personal Independence Payment'. Available at:

<https://disabilitybenefitsconsortium.files.wordpress.com/2017/09/supporting-those-who-need-it-most-full-report.pdf>

House of Commons Library (January 2016) 'The UN Inquiry into the Rights of Persons with Disabilities in the UK', Briefing Paper Number 7367. Available at:

<http://researchbriefings.files.parliament.uk/documents/CBP-7367/CBP-7367.pdf>

Motability (2017) 'Personal Independence Payment and the Motability Scheme'.

Available at: [http://www.motability.org.uk/Factsheet\\_4\\_-\\_Personal\\_Independence\\_Payment\\_and\\_the\\_Motability\\_Scheme.pdf](http://www.motability.org.uk/Factsheet_4_-_Personal_Independence_Payment_and_the_Motability_Scheme.pdf)

Office for Budget Responsibility (March 2016) 'Economic and Fiscal Outlook'.

Available at: <http://cdn.budgetresponsibility.org.uk/March2016EFO.pdf>

Office for Budget Responsibility (October 2016) 'Welfare Trends Report'. Available

at: [http://budgetresponsibility.org.uk/docs/dlm\\_uploads/49754-OBR-Welfare-Accessible-v0.2.pdf](http://budgetresponsibility.org.uk/docs/dlm_uploads/49754-OBR-Welfare-Accessible-v0.2.pdf)

Paul Gray (July 2016) 'The Second Independent Review of the Personal Independence Payment Assessment'. Available at:

<https://www.gov.uk/government/publications/personal-independence-payment-PIP-assessment-second-independent-review>

Scottish Government (February 2017) 'Analysis of written Responses to the Consultation on Social Security in Scotland'. Available at:

<http://www.gov.scot/Resource/0051/00514351.pdf>

Scottish Government (June 2013) 'Updated Evidence on the Number of Households Affected by the Housing Benefit Under Occupation Penalty'. Available at: <http://www.gov.scot/Topics/Built-Environment/Housing/supply-demand/chma/Benefitchanges/underoccupancy penalty>

Scottish Government (June 2017) 'Welfare Reform (Further Provision) (Scotland) Act 2012 - Annual Report – 2017'. Available at: <http://www.gov.scot/Publications/2017/06/6808>

Scottish Government (September 2017) 'Impact of UK Welfare Policy on Families with Children'. Available at: <http://www.gov.scot/Resource/0052/00524109.pdf>



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

© Crown copyright 2017

**OGL**

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.scot](http://www.gov.scot)

Any enquiries regarding this publication should be sent to us at  
The Scottish Government  
St Andrew's House  
Edinburgh  
EH1 3DG

ISBN: 978-1-78851-380-7 (web only)

Published by The Scottish Government, October 2017

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA  
PPDAS316726 (10/17)

W W W . G O V . S C O T