

Benefit simplification

Evidence to the Work and Pensions  
Select Committee inquiry

Citizens Advice

April 2007

1. Citizens Advice welcomes the opportunity to submit evidence to the Work and Pensions Committee's enquiry into benefit simplification. The Citizens Advice service advises on more than 1.5 million client problems each year on welfare benefit and tax credit matters, and provides advice on a further 400,000 employment problems. Welfare benefits and tax credits form the largest enquiry area for Citizens Advice Bureaux, and we therefore have a strong interest in seeing welfare reform deliver genuine improvements for our clients. We base all of our responses to government and select committee consultations on the experiences of our clients, acquired from the day-to-day advice work carried out from almost 3,400 advice outlets across England and Wales.

## **Key points**

- The means-tested benefit system, which includes many in-work benefit and other elements added for policy reasons including targeting and welfare to work, is inherently complex, and cannot be simplified without substantial extra spending or large numbers of losers.
- Benefit simplification should not be considered in isolation from other schemes which affect income, particularly tax credits;
- The DWP should publish and respond to proposals it has commissioned to simplify the system for claimants;
- Many people's current experience of benefit administration is very poor. This works against understanding and trust of the benefit system;
- Delays in benefit appeals, and problems getting decisions corrected before appeal, also complicate the system unnecessarily;
- Better-off calculations are an opportunity for Jobcentre Plus to present simple and accurate information about benefits, tax credits, in-work benefits and other help in a way that would help promote welfare to work policies. Citizens Advice regularly receives evidence that better-off calculations and other information is partial or even misleading;
- Housing benefit is affected by changes to other benefits and tax credits, and a lack of co-ordination and clear communication can lead to overpayments and rent arrears;
- It would help considerably if people received clear, concise communications about their benefit entitlement. Citizens Advice has long argued that letters should be simple and accurate;
- People receiving benefits should receive a clear statement of what they are getting, and why they are getting it;
- Eligibility for free prescriptions should be available for people receiving IB (ESA) and not just for people on income support;
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## Introduction

2. Citizens Advice welcomes the DWP's analysis of the problems caused by an overly complex benefit system. The Department's simplification plan 2006/07 published in December 2006 noted that:

“The success of the Department relies to a great extent on its customers and stakeholders understanding the way the system of social security benefits works. The system is complex and simplification is likely to result in both greater effectiveness and greater efficiency. Simplification should also reduce the burdens that the Department imposes on customers, staff, and partners who provide advice and support to DWP customers.

The present benefits system for people of working age is complex. The many different rules may make sense in isolation, but together they can make for a confusing and incoherent picture. This complexity makes it hard for benefits claimants to understand their rights and responsibilities, and hard for staff and advisers to help people to get their correct entitlements. It makes the system more prone to fraud and error and expensive to administer, and often makes it harder to move into work.

3. It is also welcome that DWP has recognised the need, following its Capability Review, to take a more holistic view of its customers, and to make more systematic use of insight about customer preferences and behaviours when designing services.
4. However, we believe that a means-tested system of benefit help, which has evolved to meet and restrict help for specific needs for specific groups, is inherently complex. In addition, the government has continued the policy of developing an extensive range of in-work benefits and payments, some of which may be discretionary, while others depend on an individual's circumstances. The desire for flexibility and a structure which balances discretion and work incentives will continue to mitigate against a significantly simpler benefit structure. In this context, any significant moves to simplify could only be achieved with either substantial additional investment, or with large numbers losing out in relation to current entitlements.
5. Furthermore, it makes little sense for the question of 'benefit complexity' to be examined without looking at the same time at other systems that affect income, including the tax credit system and child support. Both these system interact with benefits, and both are also complicated schemes. The positive benefits that may be available from benefit simplification for users of the system will inevitably be limited by the current scope of reform.
6. Citizens Advice was pleased to be able to facilitate the secondment of a CAB specialist welfare rights adviser into the DWP's benefit simplification unit for a period of nine months, a secondment that has now concluded. The secondee was asked to report on the impact of complexity from the

customer's perspective, and to recommend measures which would simplify the claiming of benefit. **We look forward to the publication by DWP of this report and details of how the proposals contained in it are to be taken forward.**

7. In January 2006, the welfare reform green paper set out in just six short paragraphs the government's aspiration to move to a single system of benefits for people of working age, with appropriate additions for carers and people with disabilities, and notes that the next step will be to review, identify challenges and work to create a single fair system that is affordable, deliverable and simpler to understand and operate. The aspiration is welcome but will not be simple to achieve. The National Audit Office report<sup>1</sup> identified many of the reasons why the benefit system has evolved to its current form, and highlighted the factors that would need to be taken into account in any simplification programme. The NAO concluded that "dealing with the problems associated with complexity is a long term project which will require a systematic and strategic approach focusing on system as a whole."
8. More recently, Sir David Freud has noted that a few weeks is not long enough to design a new scheme, and his report<sup>2</sup> to the Department identified some options and areas for consideration.
9. Citizens Advice supports the broad objectives for simplification. CAB advisers spend a lot of time working to explain complex benefit rules and calculations to clients and also to convince benefit office staff to alter decisions they have made incorrectly. Some of this is just poor quality administration, but quite a lot is to do with a system that has grown very complex.
10. We were therefore disappointed that the only justification for aligning the new Employment Support Allowance to Jobseekers Allowance is that it is an opportunity to simplify the benefit structure – without regard to the fact that younger disabled people, under the ages of 18 or 25, will thereby receive a lower rate of ESA than they receive now under incapacity benefit.
11. Simplification should not be about opportunistic measures that take no account of the policy intentions behind the benefit structure. Higher amounts for people disabled at younger ages were designed to offer a degree of compensation to people whose working lives were blighted earlier in their lives through illness or disability. Lower rates in benefits for unemployment reflect a belief that people have access to other means of support up to the age of 25. There are therefore opposing justifications for the structure of support for different groups.

## **Benefit complexity and problems with the system**

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<sup>1</sup> Dealing with the complexity of the benefits system National Audit Office November 2005 HC592

<sup>2</sup> Reducing dependency, increasing opportunity: options for the future of welfare to work David Freud 2007

12. People seek advice and turn to the benefit system when they are unable to support themselves and their families. People usually do not want to claim a specific benefit, more usually a life event such as an accident causing disability or illness, unemployment, retirement, bereavement will prompt a need for help, as can living on a low income, whether in or not in work.
13. People experience the benefit system as complex and confusing for a number of reasons. Citizens Advice Bureaux work shows there is a lack of trust and confidence to engage with Jobcentre Plus (JCP) arising from the following:
- complexity of information about entitlement to claim
  - complexity of information gathering including forms, information required and complex procedures involving multiple contacts often with different offices, sometimes concerning the same benefit
  - the Contact Management System does not provide sufficient alternative means of contact, depending heavily on the telephone
  - length of time taken to process claims and loss of forms or evidence etc
  - inaccurate advice, sometimes leaving people in 'worse-off' financial position
  - inability of JCP to cope with short term changes, eg short term work and return to benefit
  - failure to help claimants who need assistance because of illness, lack of skills etc.
  - failure to liaise properly within own JCP department, eg with Disability Employment Advisers
  - the process for maintaining benefit
14. The consequences of the benefit system failing for CAB clients can be substantial and devastating. Poor administration of a complex system can cause breaks in income and worsening debt. Security is threatened and trust undermined.
15. Complexity leads to considerable interdependence of benefits. Unless people are properly advised, they may not receive all the benefits to which they are entitled. There is no simple procedure to ensure that people receive accurate advice and information about passported benefits and services, or about the range of linking rules and how they apply when people move into work. This compounds JCP's own ability to give correct information and advice. There are clear opportunities to simplify the benefit structure, including with the introduction of the new ESA from 2008, by extending access to passported help and services to all those on a low income.
16. The Customer Management System does not provide for sufficient alternatives such as paper forms or face-to-face meetings for people unable to use a telephone. The problems caused by the introduction of the

CMS and an operating model that is primarily call-centre based, have been well documented and accepted by many including this Committee.

17. The Government is committed to review 'policies needed to improve mental health and employment outcomes'<sup>3</sup>. There has been consultation around proposed changes to the Incapacity Benefit form but despite CAB evidence on the conduct of doctors administering medical assessments and the quality of decisions<sup>4</sup>, the PCA reviews were restricted to descriptors and the introduction of new work-focussed health related assessment. While there is real improvement in the wording of the mental health descriptors, concerns remain about medical assessments, the quality of decision making, the new physical descriptors and the fact there is no way to combine scores from mental health and physical tests. If the full range of people's incapacity is not recognised, their confidence in the system is undermined and they are not properly supported when unwell. For some people, this and the length of time taken and difficulties encountered securing entitlement to a benefit when ill, act as a deterrent to leaving benefits for work.
18. Maintaining benefit can also be an issue for people. Too often it seems as if they are in a constant trail of revisions, appeals and renewals. Even when a person's illness is not expected to change, they are subjected to regular reviews to avoid fraud. For the client it can feel like constant scrutiny, as when a failed PCA is challenged and won on appeal which can take 9-12 months and then the next renewal claim is often sent out within three months of the appeal decision.
19. An efficient service for people who need financial support because they cannot work is an important building block to security and getting well so that they can move back into work when well enough to do so. The appeals process is being subjected to a welcome review. However, generating confidence requires significant changes in the outcomes of initial benefit applications and not reliance on a prolonged and trying appeal process, the success of which highlights the current level of poor decision making<sup>5</sup>. Citizens Advice is receiving reports from bureaux which suggest appeal waiting times of around six months for incapacity benefit, with decisions routinely not being looked at again by a second decision-maker.
20. Housing benefit is a core benefit that many people receive alongside other benefits. If they are in work people have to notify the housing benefit department separately of every change in income, when it happens. This creates great difficulty for people, particularly when they are moving into work when their income may not be stable and/or if they have several part-

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<sup>3</sup> Pre-Budget Report 2006, p. 87

<sup>4</sup> *What the doctor ordered: CAB evidence on medical assessments for incapacity and disability benefits* (Feb 2006, CAB briefing) which reported the conduct of some EMPs and their reports as rushed, insensitive and inaccurate. See also *CA response to Green Paper 2006*.

<sup>5</sup> In March 2004, 66.7% IB appeals decided in favour of appellant. If a representative was present this success rate was raised to 73.2%

time jobs, the income from none of which is regular. In one CAB example, a bank nurse whose hours are irregular is angry, confused and worried; her HB department is unable to provide her with clear information as to how much she should be paid each week.

### **Case examples**

21. The following examples illustrate problems which can arise through poor administration of a complex system. Many examples suggest that clients are being misled by partial, inaccurate or at best confusing better-off calculations, which lead to the client being worse off financially.

Client with long term mental health problems made IS application in July 2006. This was lost by DWP. Client reapplied in November 2006, awarded IS in same month. Original application found in January 2007 and still being processed in mid February for money from July to November 2006.

The client went to her local job centre after failing her Personal Capability Assessment. Client told advisor of her situation at home that she lived with her partner and they had a joint mortgage, and a 4 year old son. The Jobcentre advisor told her to fill in forms for IS HB CT and to say that her partner no longer lived with her. This was advice to commit fraud.

Client advised by JCP and offered low paid job for 20 hours per week. Now worse off on lower income, £306 in rent arrears and worried about eviction.

A client suffering from a benign brain tumour needed to make a claim for incapacity benefit. Jobcentre Plus told her that she had to claim by phone, but she had struggled to complete the call as she was 70% deaf. This client should have been offered a face-to-face interview to make her claim.

Client on IS decided to return to work part time. Saw Lone Parent Advisor who did financial projection and client led to believe she would be better off. Calculation failed to take proper note of HB taper and client now receiving only small HB and CTB and cannot afford rent and council tax and has massive arrears in both.

Unemployed client had offer of job at 16 hours per week and adviser at JCP completed better-off calculation for her. Client found print-out confusing, did not help her make decision. Calculation when reviewed with client proved inaccurate because done on benefits for previous tax year and calculation for HB/CTB did not take account of Child Benefit income.

A 35 year old lone parent with multiple debts she would like to clear was offered part time job 30 hours (£6.00 per hour) for 6 weeks as teaching assistant at her children's school. This would leave her £60.00 better off but the job is only for 6 weeks and benefits administration would not be able to reinstate her benefits quickly enough to make taking this job a worthwhile proposition, exacerbating her debt problems.

### **The client's perspective**

22. Clients often fail to understand the benefits system and what the system requires of them. Many people have contact with more than one part of the system, and may be asked to provide the same information. Clients fail to see the need to liaise with each department separately. There is a need for:

- clear, accurate and comprehensible information about entitlement that is readily available
- accurate advice
- accurate and quick decision making
- a full assessment on application of all a clients potential needs
- removal of the need for clients to repeat the same information to different departments
- accessibility to include the most vulnerable clients
- a single point of contact to notify of changes in circumstances that may affect a client's entitlement and for separate departments to work together towards a single communication to the client

23. It is possible to argue that the system could be as complicated as it wanted to be, provided it was administered correctly, and that people using the system were not expected to understand the system, and experienced it as simple in terms of the outcomes for, and communications with, them. This view however ignores the important role of advice and awareness of benefit entitlement, and the need for a system that is capable of being successfully administered.

### **Interaction between tax credit and other benefits**

24. The Government's stated intention is to ensure work pays through tax credits and the minimum wage for people coming off Incapacity Benefit<sup>6</sup>. The interaction between tax credits and other benefits can mean people are not better off in work.

25. Both the structure and administration of HB and CTB are enormous disincentives to people thinking about moving into work. Of paramount importance is the clawback of housing benefit and people's subsequent concern about holding onto their home. The government is introducing

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<sup>6</sup> *Pre-Budget Report 2006*, para. 4.16

changes to housing benefit allowances but the clawback of HB as income rises is not being changed.

26. HB is ignored for calculating Working Tax Credit but WTC is not ignored for HB income. When income is raised as by WTC, the tapers of HB and CTB combine to 85% which means a person gains only fifteen pence for every extra pound earned.
27. Housing costs are usually the largest single item in a household's expenditure and the one over which there may be most anxiety. We are speaking of family units living from week to week on very low incomes with little or no savings. Households in low paid work that remain dependent on HB have disposable incomes only a little above IS levels.
28. The HB run-on for four weeks in the transition from benefits to work helps but does not address the long term significant drop in income households may experience when they lose HB. CAB evidence indicates that sustainable moves into jobs that genuinely lift people off benefits and out of poverty will depend on further extension of this sort of provision. Jobcentre staff themselves generally felt that HB and CTB as operated do not act as work incentives but that extended payments of the same do act as work incentives. Similarly, local authority staff thought extended payments could act as a work incentive and there was a need for better knowledge of the benefits availability, extending extended payments and a more generous taper rate<sup>7</sup>.
29. Households seeking work only rarely consider HB when examining the viability of low paid work<sup>8</sup>. However, even if people did consider HB (which the government is proposing to publicise), this would not remove the real financial disincentive that HB regulations incur. Like Jobcentre Plus, HB administration is unable to cope with the needs of people involved in short term work and/or flexi-working. It is unable to cope generally with the demands made of it. Government proposed changes to Housing Service Delivery may help speed up HB administration and time taken to process HB applications has improved but there is much regional variation. The slow response of HB administration to changes reported by clients and the inability of HB departments to cope with clients fluctuating incomes compound the challenges facing people who are trying to get into work with problems of debt and rent arrears.
30. If HB is to be an effective 'in-work credit' as the government would have, there is a case for reducing the frequency on which people have to report changes, using the same principles as apply for tax credits.
31. Citizens Advice would argue for
  - a simpler interaction between benefits and tax credits

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<sup>7</sup> Survey reported in Housing Benefit and Council Tax Benefit, DWP op cit.

<sup>8</sup> *Housing Benefit and Council Tax Benefit as in-work benefits; claimants and advisors' knowledge, attitudes and experiences*, Turley and Thomas, DWP Research Report, 2006.

- a significant drop in the housing benefit taper
  - more leeway to report changes within a certain range of income and less frequently
32. A number of passported benefits are lost when people come off income support and move into work. These have to be taken into account by people as they make a significant difference to their weekly income, such as free prescriptions, free school meals, help with health costs and access to the social fund.

### Case examples

A client working 12.5 hours was offered an increase to 16 hours a week. If she did this she would lose her CTB and much of her HB and actually be worse off. She was very upset.

A 22 year old single woman returned to work after 1 year maternity leave. Her HB was suspended and re-instated after 2 months. By this time the client had rent arrears and was working part time and finding that she could not manage on her income, so debts were accruing. She was facing eviction because of rent arrears.

33. Poor liaison between benefit offices and housing benefit and benefit offices and tax credit can leave clients without income for long periods. Tax Credit overpayments can lead to people losing HB because overpayments also arise, which in turn can be difficult to recover. Clients are left in a limbo of procedural timetables

A client informed tax credits and JCP when his contract for work ended but he has not received any benefits for 2 months. JCP say that until they get a certificate from tax credits they cannot award him any benefit.

A client was starting a new job after a period of ill health. She undertook 4 weeks temporary work was owed a tax refund. She approached the DWP to claim benefit until her new job starts and was told that as she was owed money by the Inland Revenue (but not received it) she was not entitled to any benefits or financial support such as loans or grants.

34. Clients are frequently simply let down by JCP administration.

A client aged 49 with hearing impairment is permanently sick and receives DLA middle rate care, IS, HB and CTB. He moved to another area and went to his former Job centre where he completed IS and HB forms to change his address. He was told these forms were lost, and visited several other job centres asking for help filling out new forms, but none was able to help because there is no sign language interpreter available.

JCP failed to inform HB of clients change from IS to JSA so the clients rent payments ceased without the client knowing until being notified of arrears.

Client transferred from IB to JSA and completed his HB at JCP. The housing department never received this form, and so HB was stopped. HB payments were eventually resumed but left the client with a deficit of £1200+. He was under threat of eviction for non payment of rent and arrears while awaiting processing of a further HB claim which was likely to be delayed because of a backlog.

Client's job ended in August and she informed JCP and claimed JSA. She also informed housing department but JCP didn't inform housing department until 5.10.06 and housing then wrote to her asking for more information. By 27<sup>th</sup> October she had received an eviction notice.

### **The need for a record/statement of benefit**

35. The move to direct payment away from order books has meant that claimants do not routinely receive a statement of the benefits they are receiving, what they are being paid, or why they have entitlement. Letters in relation to benefit entitlement are still computer-generated, and fall short of presenting a clear statement of benefit entitlement. These simple facts considerably reduce understanding of the system as well as having practical consequences for clients.
36. Citizens Advice is currently in discussion with DWP regarding the development of its 'My DWP' project, which will aim to give claimants and intermediaries access to certain benefit claim information online. This is a welcome development, but should not be seen as a substitute for clear written communication with clients.

### **Cases**

An elderly couple with literacy problems were claiming DLA, AA and also CA. They were very confused about the fact that entitlements to benefits don't necessarily mean that they get those but that other benefits are increased. Different benefits have different criteria which have a knock on effect to other benefits. Even though they do not actually get the money for the benefit the entitlement gives them access to other benefits. The clients are very confused and have difficulty with the forms anyway never mind trying to make sense of the benefit system.

A 78 year old client receiving Retirement Pension and Pension credit applied for Carers Allowance as he cares for his wife. Because of benefit rules, he does not actually get the money, but would benefit from the entitlement as the Pension service would give him a carers premium. It was unclear to him that he had to notify the Pension

Service, personally, of his entitlement to Carers Allowance. He received a three page letter which he found confusing. The benefit of underlying entitlement only appeared in the second to last paragraph on the first page.

The client was unaware that she has had an underlying entitlement to Carer Premium since her husband was awarded DLA Middle rate for care in Feb 2006. Her Income Support assessment clearly shows that her Husband gets this DLA awarded yet there is nothing on the Assessment to advise her to consider making a claim for Carers Allowance because she has an underlying entitlement to the Carer Premium. Client is currently looking after Husband who has a long term mental health illness ( Bi Polar Disorder). Client also has debt problems. The problem appears to be that the procedure to get underlying Carer Premium needs to be simplified. Either by giving automatic entitlement when the DLA/ AA is awarded so that Income Support/ Pension Credit goes up immediately or by adding something to the AA/ DLA application which triggers automatic entitlement. The current system seems bureaucratic and is not at all well publicised. Clients may go for years getting reduced Income Support or Pension Credit because of this when they are already dealing with heavy care commitments.

A client with literacy and mental health problems was receiving income support at the reduced rate (i.e. less 20%) due to a recent unsuccessful DWP capability assessment medical. The client was currently appealing against the decision and had received notification that her case had been passed to the Tribunal Service. The client was vulnerable with difficulty holding onto information and poor concentration. She had a lot of difficulty in understanding the amount of paperwork that she had received. The client needed support with the Appeals process because without this she would be unlikely to succeed. The client was unaware of all of the benefits that she might be entitled to.

A pensioner was caring for his 96 year old Mother who receives Attendance Allowance. She had been refused Pension Credit because when he filled out the form he had made a mistake when completing the form. This had reduced their Housing Benefit and Council Tax Benefit. He did not want to go through the appeals process as described in the Pensions' Service correspondence because it was "too complicated" and came to CAB for help in completing another PC application. The client also asked the adviser to explain the difference between Attendance Allowance and Carers Allowance because he wondered if his Mother would "be better off on it?" ! Obviously he has not been claiming CA to which he would be entitled. The client said that he did not understand the Benefits system and reiterated that it was very complicated.

A CAB benefit check showed that a client should apply for Carer's allowance to obtain underlying entitlement to that benefit and hence qualify for State Pension Credit. The client found this very difficult to understand.

Client's 18 year old son is currently suffering from severe depression, and is on DLA (lower rate), IB and IS. He recently received 3 separate letters about his entitlement to IS. The first (dated 16/9/03) told him that his IS would change from 16/09/03 to be £81.70/week. The second (dated 25/01/04) informed him that as benefit rates were increasing, his award of IS would be £83.30 from 13th April 2004. The third (dated 29/01/04), said that he would continue to be paid £81.70/week, but then in the same letter it states that from 24th Feb, he would not be entitled to any IS. It then went on to give a calculation of the £81.70/week they had just said he was not entitled to. The client was understandably confused by these letters. A CAB adviser phoned Jobcentre Plus for clarification. They agreed that the letters were totally unclear, and blamed an out of date computer system.

### **Exemption from prescription charges for low-income ESA claimants**

37. Although ESA rates remain to be set through regulation, the Welfare Reform Bill provides for the value of the income support disability premium (currently available to low income IB claimants) to be transferred to ESA. The effect of this will be to reduce the number of people receiving some income support and therefore able to access their entitlement to free prescriptions through ticking the back of the prescription form. Instead, many more will have to use the more cumbersome and intrusive NHS Low income scheme route, which has been subject to long standing criticism for failing to meet patients' needs.
38. The Health Select Committee in its recent report on NHS Charges published in July 2006 called for better cross-departmental working to reduce the extent to which patients have to complete the 16 page long HC1 form to receive help with prescription costs via the Low Income Scheme. It recommended that the Department for Work and Pensions and Department of Health work together to extend health charge exemptions from means tested benefits so that the low-income scheme can be abolished. The Welfare Reform Bill provided an opportunity to begin that work.
39. CAB evidence has long shown that the affordability of prescription charges is a major problem for people with long-term health problems who are on low incomes just above exempt levels. In 2001, a Citizens Advice commissioned MORI survey showed that 750,000 people were failing to get their prescriptions dispensed because they could not afford the charge.
40. This is concerning given that the majority of ESA claimants will be expected to undertake work-related activity as a condition of receiving the benefit. Clearly, a claimant's ability to pay for medication in order to

manage their condition links directly to their ability to undertake work-related activity. Making sure that ESA claimants can easily access help with prescriptions costs should be central to the Government's welfare reform agenda. ESA, with its clear focus on helping to address people's health problems so that they can be encouraged back to work, strengthens the case for tackling this problem to ensure that efforts to improve condition management are not undermined.

41. Citizens Advice has recently received indications from the Department of Health that in the context of its current review of prescription charges it is considering maximising the scope for ESA claimants to access free prescriptions without the need for a separate claim via the Low Income Scheme. It would be helpful to have this stated on the record, along with any details of recent discussions between the Department for Work and Pensions and the Department of Health on this issue.

## Cases

A 60 year old man with several health problems. He has been receiving benefits since 2001. From 2001 to 2004 he received IS then this was changed to IB. He has been claiming free prescriptions since he went on benefit. He has now received letter from NHS Compliance Unit saying that he owes them £117 (including fine of £97.50) because although with IS it is automatic to get free prescriptions, it is not with IB or dla so you have to fill in an HC2 certificate to get it. The client was very distressed as he was not informed at the time his benefit was changed over that he needed to complete an HC2 or risk having to pay for prescriptions. It should be made absolutely clear to clients which benefits carry automatic free prescriptions and which don't, or they should all be one or the other.

The client has been on IB for 2 years. She lives alone and suffers from depression, and has a alcohol problem. CI had obtained free prescription thinking that her IB benefit entitled her to do so. The NHS target 1 chemist per month ( information from the NHS ) locally, and look at every prescription issued free of charge and check against the DWP database to see if the patient is in receipt of IS or income based JSA, or qualifies under age rules. If not then the patient is sent out a form to complete regarding their circumstances. Should it be found that there was no entitlement' then a penalty charge based on 5 times the prescription obtained, up to a maximum of £ 100.00 is given.

The bureau adviser noted the following:

People often think that IB entitles them to free treatment, or just "being on benefits" gives entitlement. After investigating the situation I discovered that CI was entitled to a disability premium as she had been on IB for a year, which gave her an underlying entitlement at the time the charge arose, and on this basis the charge was written off. The underlying cause is the complete confusion of entitlement.

Chemists and opticians seem unsure about even the basic rules, and appear to be passing this information to the public. The NHS do not look in enough detail when giving out penalty notices or liaise with the DWP, other than looking at the screen indicating to see current benefit being paid. If they spoke to the DWP then ( hopefully ! ) they could have informed that the cl had an underlying entitlement to IS, and, therefore free prescriptions.

The other issue is the low income scheme, which can qualify people to free prescriptions. These rules are extremely complex, taking in to account peoples housing costs, council tax paid, and other variables. It would also appear that whilst the NHS often state that IB does not qualify anyone for free prescriptions, in fact there can only be one, two week period when it doesn't ! This is because IB short term low rate is £ 59.20 which is within £3.30 of a single persons IS = free prescriptions. IB short term high rate is payable after being on IB for 26 weeks which is £ 70.05, which is not within £ 3.30 of a single persons IS = no entitlement, but under NHS rules, when someone has been incapacitated from work for 28 weeks, the IS disability premium is given to their applicable amount, which = free prescriptions ! It is also the same that long term IB would qualify under the rules in the above paragraph. The system needs to be both promoted so people know it exists, and simplified.

Client had been on IB since February. Receives £59.20. He has heart problems and had a 12 month pre payment certificate for 12 months ( taken out before he was made redundant) which has now run out. His prescription has 12 items. He went to the chemist, thinking being on IB would mean he would get free prescriptions, but was told he needed to be on IS or JSA. Was given form HC1 to complete but was told it currently takes about a month for the certificate to come through. He could claim a refund, but he did not have enough money to pay in the first place.

The client cannot get his prescriptions. He either has to find the cost of the prescriptions (12 x £ 6.65 = £79.80) or of a 4 month prepayment certificate (£34.65) out of his IB of £59.20.