



Britain Yearly Meeting
of the Religious
Society of Friends

Parliamentary briefing on the Welfare Reform and Work Bill

Quakers in Britainⁱ are concerned that the welfare elements of the Welfare Reform and Work Bill will increase already unacceptable levels of poverty and economic and social inequality. The Bill also raises significant questions about the values we seek to pursue as a British society and about whether or not our social security system is fit for purpose.

We are disappointed that despite a raft of evidence showing the many negative impacts of this Bill, the Public Bill Committee failed to agree amendments which would substantively allay our concerns. We are calling on Parliamentarians to continue to highlight the human and social costs of the proposed changes and to consider supporting amendments designed to mitigate these. If attempts to substantially change the Bill fail, we urge Parliamentarians to give careful consideration to whether they should vote against a Bill which will have such a detrimental impact on some of the most vulnerable people within our communities.

The root of our Concern

Quakers believe everyone is equal in the eyes of God. This leads us to the view that as a society we have a moral responsibility to respect and care for the most vulnerable amongst us. In 21st century Britain no one should be hungry, homeless or destitute. Our success as a nation cannot be measured solely in financial terms. Whilst the social security system alone cannot deal with the underlying causes of poverty and inequality, an effective social safety net, based on the principle of need, is a vital foundation of a just and compassionate society.

The Bill is part of the government's strategy to make £12 billion in cuts to our social security system on top of £21 billion of cuts and additional 'reforms' legislated for during the last Parliament. The spectacular growth in the demand for foodbank servicesⁱⁱ along with a sharp increase in the numbers of people losing their homesⁱⁱⁱ over this period are just two indications of how previous 'welfare reforms' have had a disastrous impact on individuals and families. There are legitimate concerns that we no longer have an effective social safety net in this country.^{iv}

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Now is not the time to be making further arbitrary cuts to our social security system. On the contrary, there is an overwhelming need to review the changes made over the last Parliament with a view to ensuring that the social security system provides, at a minimum, a last line of defence against hunger, homelessness and destitution.

The following provisions within the Bill are of particular concern.

Removal of child poverty targets

Clauses 4–6 propose a number of changes to the Child Poverty Act 2010, including the removal of legally binding targets for the eradication of child poverty. The government has argued that these targets, several of which focus on reducing the number of children living in households with a relatively low income^v, paint a one dimensional picture of child poverty and ignore the root causes of poverty. Whilst it is true that poverty has many dimensions, removing relative income targets ignores the fact that lack of money is a, if not *the*, defining feature of living in poverty and a major barrier to social mobility. Scrapping them smacks of seeking to bury rather than face up to bad news. Particularly in the context of cuts to child tax credits, this sends completely the wrong signal about the value we as a society place on our children.

Tax credits

Clauses 11 and 12 propose changes which would reduce the value of child tax credits (or their equivalent under Universal Credit) and, for claims started after April 1017, would generally restrict eligibility to the first two children in a household. This is in addition to proposed reductions in the support offered by working tax credits, being considered outside of this Bill. The latter will result in eligible families losing an approximate average of £1,300 in 2016/17.^{vi}

The government's rationale in restricting child tax credits is that "those in receipt of tax credits should face the same financial choices about having children as those supporting themselves through work"^{vii}. It claims that the changes, together with the new 'National Living Wage' (NLW),^{viii} will increase work incentives and start to address the root causes of low pay.

There is an urgent need to tackle low pay. However, even for most of those who are eligible for it,^{ix} the NLW will not offset the loss of income from tax credits^x. It is also unrealistic to assume that households will automatically be in a position to increase working hours as a response to reduced tax credit income.

More fundamentally, the inevitable result of using what are in effect financial penalties to influence family planning choices, will be to increase what are already high poverty rates amongst children from larger families. Whatever one's opinion about whether or not household income should determine family size, it is morally unjustifiable that as a deliberate result of government policy, children be made to suffer for the supposed 'choices' made by their parents.

Employment and Support Allowance

Clause 13 would remove the 'Work Related Activity Component' (WRAC) payment of

Employment and Support Allowance (ESA), reducing the income of people assessed as being temporarily unable to work due to illness or disability.^{xi}

One of the most basic functions of a social security system is to protect people who are unable to work because of ill health and disability. Yet, people with disabilities have already been disproportionately affected by benefit cuts. The removal of WRAC will cause further stress and instability. The WRAC group includes many claimants who have long-term or progressive conditions and will be unable to work for a significant time, if at all. In such cases the removal of WRAC could represent a significant cut to income over a long period of time. For other WRAC claimants the change risks being counterproductive if it forces them into work too soon.

The removal of WRAC has been proposed because the government believes the current system “creates a financial incentive to claim sickness benefits over jobseekers allowance”^{xii}. This is the latest in a long line of announcements implying that large numbers of people claiming disability or sickness benefits are doing so by choice and are somehow ‘shirking’ or ‘skiving’. With little real evidence to back them up, such statements are incredibly unhelpful. At best they prevent reasoned debate based on an understanding of the realities facing social security claimants. At worst they deliberately seek to build public support for damaging cuts by creating social divisions based on misleading caricatures.

Decoupling need from entitlement

Many measures proposed in the Bill not only cut the support provided by particular benefits but are starting to change the nature of the social security system itself. Hitherto, entitlement to support has largely been based on the needs and individual circumstances of claimants. This is both common sense and a matter of justice.

However the proposed further reduction in the household benefit cap (clauses 7 and 8), limits to child tax credits (clauses 11 and 12) and the further freeze in working age benefits (clause 9), continue a trend of placing what are arguably arbitrary limits on what claimants are entitled to. This is paving the way for a gradual divorce between needs and entitlement. This is a dangerous path to travel down – one that will result in even more people who are unable to meet their basic needs and an increasingly divided, unequal society.

Inadequacy of mitigating reforms

The Government has recently made a number of announcements which have been presented, in part, as being designed to mitigate some of the impacts of this Bill. As well as substantial increases to the NMW for people over the age of 25 these include an extra 15 hours of free childcare for some English “working families”, extra support to help people on the WRAC move into work and further increases to the personal allowance designed to ensure that by 2020 someone working thirty hours per week on the national minimum wage will pay no income tax at all.^{xiii}

Some of these initiatives may well be welcome. However there is growing evidence that they will not, in and of themselves, be enough to mitigate the loss of income caused by these cuts.^{xiv} Several will only be partially implemented, and in some

cases will not even have started until after some of the cuts highlighted above start to take effect.^{xv} Furthermore, there seems to be considerable uncertainty about how and when others will be implemented.^{xvi} There is a serious risk that some claimants will face additional hardships, particularly in the short term.

Conclusion

The social security cuts implied by the Welfare Reform and Work Bill have been presented as an inevitable exercise in affordability and this narrative has continued to dominate the Parliamentary debate. In our view there is nothing inevitable about further weakening our social security system. It is, in fact, one of several options open to Parliament as it chooses to pursue a deficit reduction strategy.^{xvii}

Despite some potentially useful initiatives designed to mitigate these cuts, the changes will, overall, inevitably increase poverty and inequality in Britain. This is unacceptable. The Bill also raises significant questions about the values we seek to pursue as a British society and about whether or not our social security system is fit for purpose.

We urge Parliamentarians to support amendments that would address our concerns. If attempts to substantially change the Bill fail, we urge Parliamentarians to give careful consideration to whether they should vote against a Bill which will have such a detrimental impact on some of the most vulnerable people within our communities.

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References

- ⁱ Quakers throughout Britain have both been directly affected by the last round of cuts and have witnessed their impact through involvement in initiatives such as food banks, lunch clubs, homeless shelters and citizens advice bureaux.
- ⁱⁱ Across the UK the Trussell Trust provided 1,084,604 people with emergency food supplies in 2014-15, up from 913,138 in 2013-14 and 446,992 in 2012-13. With no central statistics, only paints a partial view of emergency food aid See: www.trusselltrust.org/stats#our-stats-explained
- ⁱⁱⁱ For example rough sleeping in England increased by 37% between 2010 and 2013 whilst 'Local Authority Homelessness case actions' increased 36% between 2009/10 and 2013/14. *The Homeless Monitor: England Crisis*, February 2015
- ^{iv} *Restoring Faith in the Safety Net*, Church Action on Poverty 2015. Available at: www.church-poverty.org.uk/safetynet
- ^v For example, one of the four targets seeks to ensure that less than 10% of children live in households with an equivalised net income of 60% below UK median. For more information see: www.cpag.org.uk/content/child-poverty-promise-and-child-poverty-act
- ^{vi} Tax credit changes from April 2016, House of Commons library, 15 October 2015 p10. <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7300>
- ^{vii} HM Treasury Summer Budget p38
- ^{viii} Whilst the National Living Wage (NLW) will give a much needed boost to some low waged workers, at £7.20 per hour, rising to £9 per hour by 2020, it falls short of the £7.85 (£9.15 in London) that the Living Wage Foundations calculates is a genuine Living Wage which reflects the cost of living.
- ^{ix} The fact that workers under the age of 25 will not receive the NLW is of particular concern. In the context of other proposed policy changes such as removal of the automatic entitlement to housing benefit for 18-21 year olds and the Youth Obligation scheme this introduces a new range of Statutory discriminations against younger adults and makes many assumptions about the situation and options open to them.
- ^x Introductory remarks made at Institute for Fiscal Studies Summer post Budget briefing 2015 See: www.ifs.org.uk/uploads/publications/budgets/Budgets%202015/Summer/opening_remarks.pdf
- ^{xi} The WRAC is designed to help the claimant take steps to prepare for work and offer some income security until the claimant can fully enter the job market. Its removal will reduce the incomes for claimants over the age of 25 by £29.05 per week.
- ^{xii} HM Treasury Summer Budget 2015 p 41
- ^{xiii} Summer Budget 2015: Key announcements, HM Treasury 8 July 2015. Available at www.gov.uk/government/news/summer-budget-2015-key-announcements
- ^{xiv} In 2019-20 households where someone is in paid work and eligible for benefits or tax credits, will on average, only be compensated for 26% of their losses from changes to taxes, tax credits and benefits by the NLW. See *An assessment of the potential compensation provided by the new 'National Living Wage' for the personal tax and benefit measures announced for implementation in the current parliament* (p12) Institute for Fiscal Studies, September 2015. Available at www.ifs.org.uk/publications/7980
- ^{xv} For example cuts to working tax credits, the freeze on most working age benefits and the introduction of the household benefit caps are set to take effect from April 2016, with the restriction on child tax credits set to take effect for new claims from April 2017. Whilst the National Living Wage will be introduced from April 2016, additional free childcare for 'working families' will not be available nationally until September 2017. The full impact of increases to the personal allowance will not be felt until 2020.
- ^{xvi} For example in response to concerns about funding sustainability, the House of Lords recently introduced a new clause into the childcare bill which would be likely to delay the roll-out of 30 hours of childcare. Evidence submitted to and several members of the Public Bill Committee on the Welfare Reform and Work Bill raised concerns about this and about lack of detail on how the government was planning to implement its commitment to increase support for WRAC claimants.
- ^{xvii} There are other options on how to do this including reversing recent and planned taxation cuts, cracking down further on tax dodging and scrapping the planned renewal of the Trident missile defence system.