

Unite briefing

The welfare reform bill

Wednesday 1 February 2012

Unite believes a fundamental duty of government is to build a more equal society. As Richard Wilkinson and Kate Pickett have demonstrated in *The Spirit Level*, more equal societies tend to be stronger societies. This benefits us all.

“Unite congratulates the Lords, Bishops and crossbench peers for making some good amendments to make a bad bill better. The House of Commons should support all of those amendments today.”

However, this is still a bad bill. The only way to measure the success of this bill is its impact on poverty and the lives of the most vulnerable; will life chances improve because of this bill? The answer is no. For this reason, and the others we now set out, Unite opposes the Welfare Reform bill:

Stereotypes and stigma are no basis for social policy

This bill is predicated on untrue stereotypes about those in receipt of benefits and enshrines punishing concepts of the ‘deserving’ and ‘undeserving’ poor.

The government is argues that its changes will incentivise those on benefits to find work and reduce the deficit. As ONS figures show, out of 40 million working age adults there are just 297,000 households where no-one has ever worked. This is hardly a ‘culture’ of ‘worklessness’^[1].

The bill purports to address excessive spending in the welfare system yet its effect will be to intensify poverty and in particular hurt and stigmatise some of the most vulnerable, including the disabled, children and lone parents families.

For example, the difference the household cap will make to a single mum with three children who has been made redundant could be £28 a week. This does not sound a huge amount but it means after rent, council tax, utilities (gas, electric and water) this mum is left with £6.50 rather than £35 to spend on food and other necessities. And it isn’t just about regional differences - Tim Leunig has calculated that that a family living in Oldham with four children, after rent, council tax and utilities could be left with **62p per person a day to live on**^[2].

We will all pick up the bill for the cost of this bill - it pushes people into poverty

This bill is not cost neutral; what central government takes off its balance sheet under welfare, it forces the rest of society to compensate for through increased need for health services, social and educational services, charities, family and community as the costs of poverty take hold elsewhere in society.

One of the fallacies allowed to develop around this bill is that it will only address benefit ‘scroungers’. Aside from the malice underlying this argument, it is also untrue for this bill’s impact goes wider. It will not solely be the unemployed who feel the pain but also some of the lowest waged households, as the Child Poverty Action Group has pointed out.

Even before this Bill’s true impact has taken hold, the influential Institute for Fiscal Studies calculates that relative child poverty will increase between 2010–11 and 2015–16 by around 400,000, and absolute child poverty (as defined in the Child Poverty Act [2010]) will increase between 2010–11 and 2015–16 by around 500,000^[3].

Hitting the poorest

This bill comes at a time when government policies are being criticised for hitting the poorest and most vulnerable hardest. This bill does nothing to create the jobs, support the low-waged in work or provide decent affordable housing, all of which are desperately needed to lift people out of poverty.

Unemployment is growing; Unite has made clear that this is the result of the government’s flawed economic policies. **There are five unemployed people to every vacancy, and in some local areas the ratio is much higher.** People are not that people being ‘disincentivised’ from work by the benefits system. The real issue is the lack of good jobs that support people and their families.

Building a more equal society needs integrated public policy. This means investing to create economic growth and good jobs; addressing runaway salaries, tax evasion and avoidance at the top of our society; and improving the living standards of those on low incomes. How will this bill make our nation fairer? It won't

Another blow to the low waged

The cap on public sector pay and general wage 'freeze' across the economy, means that people performing vital roles but are among the lowest waged. They are already experiencing real cuts to their living standards, and these changes will hurt them further.

A teaching assistant will be £2,600 worse off as a result of the coalition's pay squeeze by next year. Added to this they now face further cuts to their family budget which is further hit if they suffer a cut in housing benefit and are forced, as government visualises, to relocate to a more affordable (poorer) area.

The real impact of a household cap

Under the proposed household benefit cap

- 30,150 households will lose £50 a week;
- 17,420 households will lose £50-£100 a week;
- 8,040 households will lose £100-£150 a week
- and 11,390 households will lose more than £150 a week.

This may not sound like much, but to people already struggling this small amount of money can have a massive impact on their ability to survive.

The Children's Society has argued that based on analysis from the Department of Communities and Local Government it is estimated that 220,000 children will be affected by the cap and that more than 80,000 of these children could be made homeless as a result of the government's policy^[4]. Leaked government analysis has shown that the government's proposal to cap household benefit will push 100,000 children into poverty^[5].

This is a cap on a cap

Shelter have pointed out that the household cap is actually a 'cap on a cap'; it comes in addition to the cap on local housing allowance. They note that: "From 2013, both LHA and housing support for private tenants as they migrate onto the Universal Credit will start to be up-rated according to the CPI"^[6]. The majority of housing benefit recipients are pensioners, disabled people, carers and people on low incomes. Just 1 in 8 are unemployed.

The cap does not fit: build more housing, control rents and address housing poverty

The problem of spiralling private rents should be addressed by combating the shortage of decent housing, not by making cuts to housing benefit support that will force people to uproot their families into cheaper areas, and into overcrowded, poor quality housing. The lack of housing is a national problem that needs to be addressed by national government investment and actions.

Cleansing cities of the poor - if they can't be seen, does it mean they don't exist?

As even Conservative politicians have pointed out, this is 'the clearances', the removal of poorer people from our inner cities. This will deprive business and employers of a workforce, cause untold stress on public services, including schools and medical services in the areas of relocation, and ghettoise our communities.

The cap means chaos

The government has argued that the disability living allowance (DLA), then the personal independence payment (PIP), will be used as a proxy to identify households that will be excluded from the cap on grounds of disability.

But, as the government has admitted, they expect half of the households hit by the cap to have a disabled person, using the Disability Discrimination Act 2010 definition. CPAG has said "**Poor decision making for**

DLA claims with high rates of successful appeals will also mean many families going in and out of the cap unfairly, causing chaos, debt and homelessness.”

Abolishing the Social Fund – small saving; dreadful human impact

The Social Fund, which provides small emergency loans, will be abolished under the bill. Councils will not be obliged to set up their own local equivalents (and there is no national criteria or standard which they would have to operate too). Most people receive £70 loans to survive two weeks – it means people can get cookers and boilers fixed to have hot food and water in the winter. This leaves the poorest people who do not have the money to deal with unexpected events in the hands of loan sharks and high interest loan organisations.

Financial dependency enshrined: women and children will suffer most

The Universal Credit will be paid to one person in the household. This will make people who were previously entitled to benefits in their own right more financially dependent on their partners – this will be predominantly women. Unite will not support actions that reduce women’s financial independence in this way. Paying to one person in a household does not and will not ensure that proper funds reach the other partner or the children.

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Additional/supporting Information

[1] Polly Toynbee, 26th January 2012, <http://www.guardian.co.uk/commentisfree/2012/jan/26/tories-bloody-battle-benefits>

ONS, Working and Workless Households 2011, <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcM%3A77-222940>

[2] Tim Leunig, 22nd January 2012, <http://www.guardian.co.uk/commentisfree/2012/jan/22/housing-benefit-cap-62p-a-day?newsfeed=true>

[3] http://www.familyandparenting.org/Resources/FPI/Documents/FPI_IFS_Austerity_Jan_2012.pdf

[4] The Children’s Society, <http://www.childrenssociety.org.uk/what-we-do/policy-and-lobbying/child-poverty/benefit-cap>

[5] The Observer, 22nd January 2012, <http://www.guardian.co.uk/politics/2012/jan/22/housing-crisis-benefit-cuts>

[6] Shelter briefing:
http://england.shelter.org.uk/__data/assets/pdf_file/0008/377549/Shelter_briefing_Welfare_Reform_Bill_-_Lords_2nd_reading_130911.pdf