



Welfare reform: A welfare rights perspective.

David Kelly
IRRV Scottish Benefits Conference
December 2009

www.cpag.org.uk

Welfare reform

Welfare Reform Act 2009

- ‘ This Act will help get more people into work and more families out of poverty.
- It makes clear that almost everyone should be on a journey to work - either looking for work now or preparing for work in the future.
- It will mean more support for people who face difficulties getting jobs but also greater responsibilities on people to take up that help.’

(Yvette Cooper 13-11-09)

A welfare rights perspective

- Poverty in the UK is caused by inadequate income, arising from unemployment, low wages and the low level of benefits
- CPAG would welcome
 - reform of a welfare system that leaves many individuals and families living in poverty
 - increased support to move into work for those who face barriers to doing so
- However the reforms risk increasing poverty for many
- Want to look at why and suggest where reform of HB could make a positive difference to poverty in the UK

Welfare reform - 'rights and responsibilities'

Rights

- Training and support to help those furthest from labour market into work
- Ease transition into work from benefits
- In- work income that pays
- Security for those who can't work

Responsibilities

- Increased 'conditionality' for the unemployed
- Extended to previously 'inactive groups' – lone parents and all but the most severely disabled
- Benefit sanctions if don't comply

Delivering on rights?

Adequate resources to deliver help into work?

- 70% fail ESA test
- 90% who 'pass' will need support to work
 - 'Access to Work' covers 1%
- Lone parent changes
 - Require huge increase in childcare
 - Evidence so far is that contract is too one-sided

Fails to address benefit adequacy

- Benefit levels still 70% of poverty line
- JSA 'work for your benefits' @ £1.73 per hour

80% employment target

- Requires creation of 2.2 million jobs

Where does the HB reform agenda fit into this?

So far no talk of rights and responsibilities' but talk of ...

£16bn bill to taxpayer is too expensive, especially when 63% of claimants are of working age

- HB provides a safety net for 4 million households to help them keep their homes, especially in recession
- Examples given concentrate only on private sector 'excesses' (LHA 5 bedroom capping, additional £15 top-up)
- Right to target private sector for savings when no surplus social housing ?
- Backdating changes save £70m but justified?

HB reform: On the agenda?

HB scheme is complicated and this hinders smooth transition into work and discourages in-work claims

- HB scheme is overly- complex
- Makes gauging real value of moving into work difficult
- A scheme which requires every minor change to be notified is cumbersome and off-putting
- Consider fixed period awards or tax credit ‘buffers’?
- *Genuinely* encourage in-work HB claims (bring back backdating!)

HB reform: On the agenda?

HB scheme creates a disincentive to work. It needs to be 'fair to those families not on benefits'

- Appears to be fuelled by high profile, high rent LHA cases
- Betrays a confusion about relationship between rent and HB calculation?
- Needs allowances in HB same as in IS/JSA
- So if can afford rent out of work can afford it in-work
- unless what is meant is...

HB reform: The real work disincentive

- ... the 65% taper/ earned-income disregards leave too little to cover extra in-work expenses or provide an adequate reward for working
- Benefit levels are worth only 70% of the poverty line for an out of work couple with 2 children
- Tapers that make you only marginally better-off are the real disincentive for many claimants to take work, particularly when many vacancies are part-time and insecure
- A problem particularly for single claimants and young claimants assessed on shared-room rates in the LHA

HB reform: The real work disincentive

- The disregard of child benefit in HB calculations addressed this in part for 200,000 families last month
- Nowhere in the Welfare Reform Bill is the adequacy of benefit or in-work income addressed as a right
- Great step in the right direction if the HB review would take up the challenge of reviewing tapers and disregards for all HB claimants
- Without this the Government may compel out-of-work HB claimants onto their work-journey but for many this won't lift them out of poverty

**CHILD
POVERTY
ACTION
GROUP**
in SCOTLAND

www.cpag.org.uk