

## Evidence on the Welfare Safety Net and Benefit Reforms

The Work and Pensions commission recently initiated an [inquiry](#) into the UK's welfare safety net, asking for written submissions on the state of the system and its fitness for purpose in 2018 Britain.

The inquiry asked a number of questions, broadly summarised as:

- 1) What do we know about chronic deprivation and hardship in the UK?
- 2) Do Jobcentre Plus procedures and benefit delays play a role?

We gathered information from civil society and the public sector to help respond to these questions. Our response was written in consideration of the impact that welfare reforms have on individuals, and consequently civil society organisations, based in London.

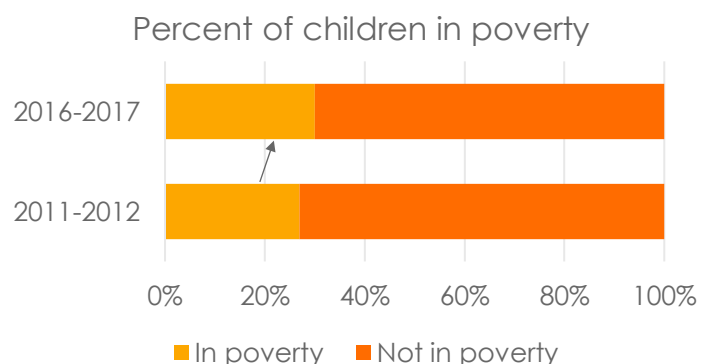
### What do we know about chronic deprivation and hardship in the UK?

#### Poverty

A primary measure of chronic deprivation and hardship in the UK is rates of poverty, or the proportion of people with an income less than 60% of the median *after accounting for housing costs*. In short, the data suggests that poverty in the UK has been increasing in recent years, however issues in the measurement and reporting of these statistics has caused some confusion.

The [Institute for fiscal studies \(IFS\) research](#) show a small increase in relative poverty from 21% in 2011-12 to 22% in 2016-17. They find that incomes of the most deprived household have been growing slower than the average, and that this dampening of growth was largely driven by benefit cuts. Poverty amongst children and the most vulnerable people in society has been growing at a quicker rate; relative poverty amongst children has grown from 27% in 2011-12 to 30% in 2016-17.

They point to the importance of looking at poverty before and after housing costs have been deducted, as the difference between the two statistics has been growing over time. The former shows decreasing poverty, whilst the later shows increasing poverty. We agree with their recommendation that it is more appropriate to take into account housing costs (which have been rising faster than wages across the UK) when defining poverty.



**Figure 1:** Percentage of children living in poverty in 2011-12 and 2016-17. Source: London Plus graphic, data from Family Resources Survey, calculations by the IFS.

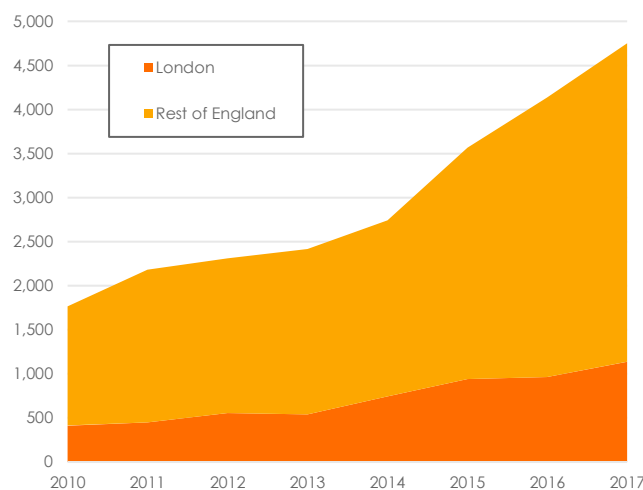


**The IFS have also directly analysed the impacts of policy changes** on people across the earning distribution, finding that the poorest 10% people have been disproportionately hit by recent spending reforms. Complimenting the IFS's findings, the Joseph Rowntree Foundation (JRF) found an **increase in poverty in their own analysis**. They highlight the increase in working families in poverty, attributing this in part to the decrease in welfare support and tax credits (along with weak wage growth and the rising cost of living).

## Homelessness

Many people argue that the measure of poverty outline above is actually a measure of inequality. It may be that people living on just over half the median income aren't facing any real deprivation. We turn therefore to a measure of extreme hardship, levels of homelessness and rough sleeping across the England, which has seen a drastic increase in the years 2010-2017.

Instances of rough sleeping have almost tripled since 2010, with 4,751 people now estimated to be sleeping rough across England. This is a particular problem in London; around a quarter of rough sleepers in England are based in London, and of the 10 local authorities with the largest numbers of rough sleepers three are in London (Westminster, Camden, and Newham).



**Figure 2:** Number of people estimated to sleeping rough in London and the rest of the UK. Source: London Plus graphic, data from MHCLG.

A large portion of the services aimed at supporting homeless people are run by charities and community groups. This large increase in demand for services, without being mirrored by adequate additional funding, is putting a huge amount of pressure on an already stretched sector.

### Do Jobcentre Plus procedures and benefit delays play a role?

The request for written submissions to the Work and Pensions Committee outlines a number of changes in the benefit system since 2010. These included the transition to Universal Credit, the introduction of benefit sanctions and of a two-child limit on child related benefit receipt. Data and evidence concerning the impact of each of these reforms are discussed below.



## Universal Credit

Not only has the rollout of universal credit been linked to increased deprivation, but concerns have been raised about unintended negative consequences of some aspects of the new scheme on women's financial independence.

The Foodbank Network, the Trussell Trust, [have used their own data to better understand the relationship between Universal Credit and food poverty.](#) Using the fact that Universal Credit was rolled out to different areas of the country at different times, they found that *'foodbanks in areas of full Universal Credit rollout to single people, couples and families, have seen a 16.85% average increase in referrals for emergency food, more than double the national average of 6.64%'*. They also found a link in the wait for Universal Credit payments, which could be up to (and sometimes over) 6-weeks, and foodbank usage.

The Women's Budget Group have written a [report](#) exploring the links between Universal Credit and financial abuse. Financial abuse is a pattern of coercing and controlling behaviour that control a partner or family member's ability to acquire, use and maintain financial resources. Universal credit takes greater account of the family unit rather than focusing on the individual, and within a cohabiting couple payment is made to one person's bank account (or a shared account). This means that benefits that should be dedicated to childcare are now paid into this one account. Because women are overwhelming more likely to be the primary carer for children in the household, this could indirectly impact their own financial autonomy. Women subject to financial abuse are more likely to face poverty and destitution, but also to lose autonomy to leave unequal (and potentially physically abusive) relationships.

Whilst the effects of this policy have not yet been formally analysed, there is a vast body of research in economics pointing out the negative impacts of removing women's financial autonomy (and thus bargaining power within their relationship). For example, a number of studies have shown that [higher unemployment rates of women \(but not men\) is associated with greater reported instances of domestic violence.](#)

## Sanctions



### Data sources used

The [Family Resources Survey](#) and the [Labour Force Survey](#) – used in the IFS's research into poverty in the UK, these two survey datasets are available to researchers through the [UK data service](#) portal. They both include interviews with a representative sample of people living in the UK, asking questions about employment, income, and individual's circumstances. Whilst both surveys require some technical expertise for analysis, overarching statistics are published frequently by the [Office for National Statistics](#).

[Ethnicity facts and figures](#) – In 2016 a requirement that all government departments publish data on disparities in treatment and outcomes in public services by a person's race or ethnic background. High level statistics, using a number of different data sources, are published on this government webpage and frequently updated.

[MHCLG's Homelessness Statistics](#) – The Ministry for Housing, Communities and Local Government publish statistics on homelessness annual. Whilst this response focused on rough sleeping, the statistics also cover a wider range of outcomes including statutory homelessness, reasons for loss of home, and homelessness prevention and relief activity.

[The Homelessness Monitor](#) - The homelessness monitor is a longitudinal study providing an independent analysis of the homelessness impacts of recent economic and policy developments in England.

[Stat-Xplore](#) – Benefits data can be found on this website run by the Department for Work and Pensions. It includes types of benefits received and rates that sanctions are applied by area and individual characteristics

There is now a robust evidence base that the application of sanctions not only lead to deprivation but are also applied disproportionately to people based on their characteristics, including ethnicity, age and gender.

**Researchers at the University of Oxford** linked Trussell Trust Foodbank Network records with data on sanctioning rates across the UK, finding that *'after accounting for local authority differences and time trends, the rate of adults fed by food banks rose by an additional 3.36 adults per 100,000, as the rate of sanctioning increased by 10 per 100,000 adults.'*

The **Welfare Conditionality study** directly studied the effects of restricting access to welfare. They interviewed 480 people impacted by benefit reforms, finding that most respondents report negative experiences of conditional welfare interventions. Linking continued receipt of benefit and services to mandatory behavioural requirements under threat of sanction created widespread anxiety and feelings of disempowerment among Welfare Service Users.

Specifically, in relation to deprivation, they provide reports outlining the impacts of sanctions on people experiencing homelessness, disabled people, and lone parents. They report that there is almost a consensus amongst homelessness service providers that welfare conditionality has played a role in the increase in homelessness observed, that mental health conditions were not appropriately taken into consideration in administering sanctions, nor were the structural barriers to lone parents finding work.

Perhaps most importantly, they find that welfare conditionality does not fulfil one of the governments primary aims; getting more people into employment. As it stands, there is no robust evidence linking the application of sanctions to increased job seeking behaviours. The governments own **randomised controlled trial**, carried out by the market research company Ipsos MORI, showed that:

*'the use of sanctions did not seem to have a positive impact on motivation to progress and could damage the relationship between the Work Coach and participant.'*

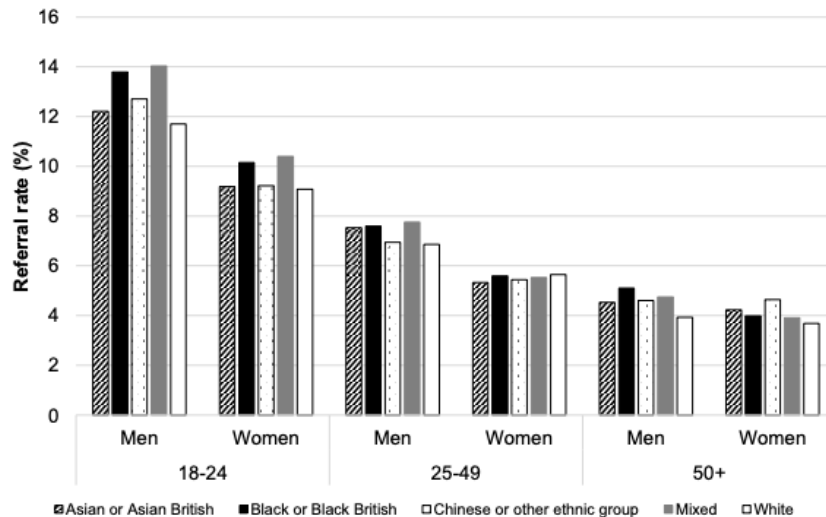
*Bias in the system?*

Benefit sanctions are by nature applied at the discretion of an individual's personal advisor or work coach. One of the consequences of this is that individual stereotypes or biases may influence the decision to apply a sanction.

**Researchers from the London School of Economics (LSE)** used the monthly data on the number of Job Seekers Allowance claimants referred and sanctioned by age group, ethnicity, and gender that are published by the Department for Work and Pensions to test whether sanctions were applied unevenly according to an individual's characteristics. They found that younger people, men, and people from ethnic minority backgrounds were at higher risk of receiving a sanction. They split the data into age groupings, and found that in almost all age groups, white people were least likely to be referred for a sanction (compared to individuals who were Asian or Asian British, Black or Black British, Chinese or other ethnic group, and Mixed ethnicity).

The researchers cannot confirm whether this is caused by biases of individual personal advisors, within the benefits system, or whether these differences are caused by differences in claimant characteristics or behaviour by ethnicity. Nonetheless, their findings point to a potential inequality in the application of sanctions which should be thoroughly investigated.





**Figure 3:** Median percentage of claimants referred per month by age, gender, and ethnicity (Nov 2012-Dec 2016). From de Vries, Reeves, and Geiger (2017).

The government's own analysis, published in their [Ethnicity Facts and Figures webpage](#) also support these findings, with people from black or mixed ethnic groups most likely to receive a sanction.

Sanctions are also more likely to be applied to the people who require most support in our society, those with an existing vulnerability factor. For example, 39% homeless people experienced a sanction in one [study by the homelessness charity Crisis. People with one vulnerability factor are more likely to also have other vulnerability factors](#) that impact both their ability to work and to navigate the benefit system, proliferating these issues.

### Two-child limit

The two-child limit was introduced in April 2017, after which parents could only claim child elements of Universal Credit for two children. Their third and subsequent children born on or after the 6 April 2017 would not be eligible (with some exemptions). [The Child Poverty Action Group estimate](#) that this could push an additional 250,000 children into poverty and increase child poverty overall by 10%. They are currently challenging the policy in the Court of Appeal, following a previous challenge in the High Court.

### Concluding remarks

The data and research discussed in our response all point to growing poverty and hardship in England, and suggests that recent policy changes have contributed to these increases. We echo concerns from the sector about the contribution of welfare reforms on increasing deprivation and hardship faced by people in the UK.

We recommend that policies contributing to hardship be re-evaluated, such that the state offers adequate support to recipients (particularly vulnerable people). We also support the [Trussell Trust's recommendations](#) for changes in policy following their research into increased reliance of foodbanks after welfare reforms.

