

SNP Westminster Group submission - September 2018

In particular we will be focusing on child poverty and Universal Credit as we feel these are some of the most important areas where UK Government policy is failing people.

It is worth noting that the SNP Government in Scotland spend hundreds of millions of pounds a year mitigating some of the worst cuts imposed by the UK Government in Scotland. [In 2017/18](#), the Scottish Government spent around £454 million on measures that either directly mitigate the changes introduced by the UK Government's Welfare Reform and Work Act 2016 or as part of wider measures tackling poverty in Scotland.

C. UNIVERSAL CREDIT

(15) To what extent has the Universal Credit been able to achieve the goals identified above?

The SNP support the principle of Universal Credit (UC) – that is, the delivery of a more streamlined and simple social security system for claimants. However, successive policy changes and tweaks have significantly eroded the value of UC payments which is having a devastating impact on claimants as the initial roll-out progresses.

'Simplifying' and 'streamlining'

The measure of success in this criterion should first and foremost be the ability of claimants to interact easily with their social security support. Evidence appears to show that claimants are still struggling to interact with UC in a number of ways. [A press release from July 2018 from Citizens Advice](#) states that more than a third of people helped by the organisation struggled to provide the evidence they needed to complete their claim. The [NAO report 'Rolling out Universal Credit'](#) states in paragraph 2.2, page 29 that the DWP's claimant satisfaction survey 'did not show an increase in satisfaction above existing benefits'.

We also believe that the UK Government's stated intention of making UC more like a monthly 'salary' to 'mirror' the world of work is completely out of touch with the reality of most families on low-paid work, who often receive their salary twice monthly or weekly. The 'assessment period' for UC has also been [highlighted by Child Poverty Action Group](#) as sometimes causing claimants to lose out on hundreds of pounds of UC payments simply because of the dates on which their paydays and UC 'assessment periods' fall.

Fundamentally, it is our firm belief that streamlining and simplifying the system does not necessitate, nor does it justify, cutting the value of social security payments.

'Improving work incentives'

There are two key ways in which UC is both failing to improve work incentives and creating perverse and unsustainable so-called 'incentives' to move into work. The latter is the sanctions regime or 'conditionality', which we have covered in response to Q18 below. The former is the Work Allowance.

The UC Work Allowance – the amount a person can earn before their UC starts to be tapered away for every pound – was reduced from April 2016, meaning people’s UC payment begins to be reduced at lower level of earnings than before this. Key stakeholders have highlighted that this will have a detrimental impact on UC claimants’ ability and drive to move into longer hours, higher paid work. The [Resolution Foundation said in October 2017](#) ‘as a result of the successive series of cuts to in-work support provided by UC, it now does little to improve financial incentives overall.’ (p. 9). They also said that UC ‘risks weakening work incentives among those most likely to respond’, e.g. single parents and second earners in couples with children. [Citizens Advice](#) (April 2018) have also said ‘despite stating it as a clear aim, UC will no longer be able to deliver stronger work incentives for all thanks to changes that have been made since its inception’.

Boosting income for those on low incomes is not always a simple matter – a lot of low-paid work has little or no progression opportunity (analysis on this it outlined in Section 4 of the Joseph Rowntree report [Low Pay Britain 2018](#)). Naturally, therefore, claimants look at increasing the amount of hours worked rather than rate of pay ([Citizens Advice, April 2018, p. 3](#)). However for some claimants this is simply not an option – e.g. those with caring responsibilities or a disability. There are, as Citizens Advice put it, ‘other costs to working’.

Furthermore, moving people into work should not be the only employment-related measure of success in UC – there should also be a focus on helping people into quality jobs that offer professional development.

‘Tackling poverty’

Tackling poverty requires long-term, multi-faceted, structural and targeted interventions. UC can play a role in this, however the roll-out of UC has been accompanied by billions of pounds of cuts in welfare spending since 2015, in addition to more punitive conditionality since 2010. It is the accumulation of these policy changes, which are also present in UC, that are actually pushing people into poverty (see answers to Q25 and Q27).

The Trussell Trust – an organisation who run foodbanks across the UK – [highlighted in July 2018](#) that they had seen a 52% average increase in foodbank use in areas after 12 months of full UC rollout.

Many of the structural characteristics of UC are also having a devastating impact on claimant debt and therefore poverty – for example, the five week wait for initial payments. We have seen this in our roll-out constituencies and it has been highlighted by the [DWP Committee](#) and numerous housing and homelessness charities (as it often has a knock-on impact for rent-arrears).

‘Reducing fraud and error’

According to the NAO report ‘rolling out Universal Credit’, DWP ‘does not know whether Universal Credit is reducing fraud and error’ (p. 9).

(16) What has the impact of Universal Credit been on poverty and the lives of the poor in the United Kingdom until now?

Part of our answer to question 15 above is relevant to this. In addition, we would add that UC is impacting children, disabled people and women negatively in a variety of specific ways.

Children

The two-child cap on the legacy benefit Child Tax Credit has been equivalised in UC, and will have an absolutely devastating impact on children. The Women's Budget Group said in [November 2017](#) that because of cuts to spending on Universal Credit, families with three children with one earner will be £3891 worse off, while families of this size with two earners will be £3287 worse off.

We in the SNP fought hard against the two-child cap on Child Tax Credit and continue to call for it to be scrapped.

Women

Child Poverty Group recently wrote an [excellent blog](#) detailing all of the ways in which the structure of UC discriminates against women by design. Women's Budget Group analysis also consistently states that women are the brunt-bearers of poverty in a households, as they mostly handle domestic budgets and are more likely to sacrifice their needs when money is tight. As primary carers they feel the hit of the cut to Child Tax Credits (more so as BME women – as above), and as 91% of lone parents are women ([according to the NAO](#)) they will also be hugely disproportionately impacted by new more burdensome conditionality rules for 'responsible carers' under UC in the Welfare Reform and Work Act 2016 (Section 17).

The SNP have led the call for the UK Government to introduce split-payments as a default for UC. At the moment the default setting is that payments go to one member in a household, however domestic violence campaigners have pointed out that this set-up risks trapping victims in physically and emotionally violent relationships. The SNP Scottish Government have committee to introducing split-payments provided that the UK Government provide the means and mechanisms for them to do so.

Disabled people

The cuts to disability support have also been baked into Universal Credit – namely, the abolition of the Employment Support Allowance Work-Related Activity Component (ESA WRAC), which was worth up to £30 a week for disabled people looking for work. Further cuts to social security – the benefit freeze and bedroom tax, for example – have also had an indirect impact on disabled people due to the additional costs of living with a disability, which charity [Scope have estimated](#) to be an extra cost of £570 a month. Child Poverty Action Group said in [November 2017](#) that families containing someone with a disability will be £300 a year worse off due to cuts in Universal Credit.

We in the SNP fought against the ESA WRAC cut, and continue to call out the UK Government for putting the brunt of their austerity on disabled people with low incomes. As part of the SNP Scottish Government's annual mitigation of UK Government cuts, [in 2017/18](#) they spent nearly £50m on mitigating the impact of the UK Government's bedroom tax in Scotland – which is significant as 57% of households affected by the bedroom tax in Scotland have someone who is disabled ([Scottish Government, October 2017, p.31](#)).

(18) What has the impact been of various forms of 'welfare conditionality' in the context of Universal Credit in terms of incentivizing work?

A [wide-ranging, five year academic study](#) published in May 2018 into the behavioural impact of conditionality across the welfare system found not only that conditionality is 'largely ineffective' at helping people into work, and actually regularly initiates and sustains a range of negative behaviour changes and outcomes'. These behaviours include 'increased poverty', 'disengagement from the social security commission', 'exacerbated ill health and impairments' and 'movements into survival crime'. With particular regard to UC conditionality, the study concluded 'for the majority, the extensive and stringent conditionality of UC brought far more harm than good; did not ensure a move into paid work; and had little impact on meaningful in-work progression or sustainability'.

UC is also introducing the concept of 'in-work conditionality', which requires some claimants who are working to continue searching for and applying for additional work to meet an earnings threshold – placing additional burdens on working claimants even where securing more work may not be easy to achieve. This, once again, goes against the UK Government's rhetoric on 'making work pay' and instead simply punishes those on low-paid work.

We the SNP have long called for the scrapping of punitive benefit conditionality, and are particularly concerned about not only the financial, physical and psychological impact financial sanctions have on claimants but also on how conditionality is being extended under UC. As stated above, under the Welfare Reform and Work Act 2016 conditionality has been extended for responsible carers. Furthermore, unlike under the legacy benefit Jobseeker's Allowance, Universal Credits [can be sanctioned](#) if they refuse to zero-hours contract work. We in the SNP are particularly concerned this could be forcing claimants into insecure and potentially exploitative work.

(19) To what extent has the introduction of Universal Credit reduced the incidence of fraud and error in the welfare system?

See response to Q15.

E. CHILD POVERTY

(25) What is the extent of child poverty in the United Kingdom, and how has it evolved over the last decade?

A number of key stakeholders have warned the UK Government that child poverty is set to soar in coming years. This is as a result of the UK Government's programme of austerity.

The [IFS said in November 2017](#) that between 2015-16 and 2021-22, absolute child poverty will increase by around 4 percentage points. Of that increase, around three-quarters (equivalent to 400,000 children) is attributable to benefit changes.

[Joseph Rowntree Foundation](#) said in December 2017 that the progress made over the last 20 years on child poverty 'is now at risk of reversing', and child poverty rates have started to rise again. They highlight that 'the continued rise in employment is no longer reducing poverty', which is important because the UK Government continue to say that 'work is the best route out of poverty'. We believe the UK Government need to accept that being in work is no guarantee of poverty alleviation, and they must do more to tackle the root-causes of poverty.

The [TUC said in May 2018](#) that 600,000 children with working parents have been pushed into poverty this year as a result of in-work benefit cuts and public sector pay restrictions. The analysis shows in total, 3.1 million children with working parents will be below the official breadline in 2018, compared to 2.1 million at the start of the decade.

Alongside this, the UK Government scrapped their child poverty targets in the Welfare Reform and Work Act 2016 (section 7) – a move which we in the SNP condemned. In contrast, the SNP Government in Scotland passed an Act (the [Child Poverty \(Scotland\) Act 2017](#)) which set four statutory targets for the reduction of child poverty in Scotland.

(27) What are the main causes of child poverty in the United Kingdom, what have been the main government responses, and how effective have they been?

See also response to Q27.

In [November 2017 Child Poverty Action Group](#) published a report with the Institute for Public Policy Research modelling the impact of social security cuts over the decade. A summary of their specific findings [can be found here](#) and highlight the enormous amount of money claimants are set to lose from successive cuts to social security. They conclude that the cuts 'will damage the life chances of hundreds of thousands of children growing up under austerity'. They conclude that restoring the value of children's benefits, restoring the Universal Credit Work Allowance, and allowing a second Work Allowance for couples would boost the incomes of low-income families.

In terms of successful poverty alleviation policies, there is some evidence that targeted social security support before 2010 helped reduce child poverty. In [July 2018](#) the Resolution Foundation published their Living Standards Audit and some revised child poverty figures. They concluded from their data that there was an additional drop in child poverty rates between 1990-00 and 2004-05 of 5 percentage points, bringing the total drop to 9 percentage points. This means that the goal to reduce the number of children in poverty by a quarter by 2004 was met rather than missed, and the 2010 goal for halving child poverty wasn't far off. Their data also shows, however that the rise in child poverty since 2011-12 'may have been slightly faster than the official figures suggest'. The write our adjusted statistics on poverty in Britain over time show anew the importance of benefits and tax

credits for supporting living standards for families with lower incomes, and particularly those with children. Where governments have had a strong will to reduce poverty, backed by real cash among other policies, they did so – even more successfully than previously thought.'

We in the SNP continue to call on the UK Government to reverse their cuts to social security. We also continue to call on the UK Government to reverse their austerity agenda, which is having an impact on both the budget available to the Scottish Government for spending on public services, as well as an impact on public services in England like the NHS and local authorities.