



## **OPFS Briefing: Welfare Reform and Work Bill Report Stage**

October 2015

### **One Parent Families Scotland**

One Parent Families Scotland is Scotland's leading single parent organisation. Building on seventy years of advocacy and service-delivery expertise, OPFS provides expert information, advice and support, along with training activities, work preparation programmes and flexible childcare across Scotland. OPFS delivers services across Scotland supporting over 5,000 families and 12,000 children.

OPFS has a vision in which all families, without exception, can prosper from life's opportunities. To this end we are working towards a society where single parent families are free from poverty and have sufficient resources not just to survive but to thrive; where they are treated with dignity and respect and have equal opportunities and life chances, enabling them to flourish and achieve their full potential.

### **The Welfare Reform and Work Bill**

There are many aspects of the Bill which give us very grave cause for concern. The Bill will weaken the Child Poverty Act, introduce greater conditionality and sanctions and make severe cuts to a range of social security and tax credit entitlements. However, for the purposes of this briefing we concentrate on a number of clauses as follows:

1. Clauses 9 and 10 which introduces a further freeze to most benefits
2. Clauses 11 and 12 which limits entitlement to child tax credit for the first two children only
3. Clauses 7 and 8 which extends the reach of the benefit cap to many more families
4. Clause 15 which introduces greater conditionality and sanctions for parents with children under five years old.

#### **Clauses 9 and 10**

These clauses extend the current freeze on most social security benefits (including JSA and housing benefit), from the current two to four years - up until 2020.



## Single Parents and Poverty

Because of the additional barriers they face, single parent families are more at risk of being in poverty than other families. Over four in every ten (43%) children in single parent families are poor, compared to just over two in ten (22%) of children in couple families.<sup>1</sup>

### The current situation

Cuts to social security introduced since 2010 have already had a profoundly negative impact on the lives of the many single parents who are struggling on low incomes, whether in or out of work. These include cuts to housing benefit, tax credits (including help with childcare costs), benefits associated with pregnancy, maternity, young children and child benefit. More generally, the switch from using the RPI to CPI index as a measure of inflation for annual uprating, followed by the imposition of a 1% uprating cap for most benefits and then a total freeze on most social security benefits has had a very significant impact on the already very low levels of social security benefits. Research has shown that these cuts have fallen disproportionately on single parents.

The reality of living on inadequate social security income is graphically described by some of our service users.<sup>2</sup>

One young mother commented:

*“There is less money for young parents and this means I need to regularly go to food banks and go to the Salvation Army for help with gas and electricity. This is embarrassing but I need to go or I can’t feed myself or my baby.”*

Another said:

*“I’m scraping by until the next benefit day. Going without food some days to get my baby milk and nappies.”*

For some parents the strain of coping was causing other problems:

*“It’s caused me mental health problems, I’m not sleeping, I’m worrying constantly about how I can manage to pay for things I need and to heat my house.”*

*“I need to do without to give the kids what they need and this is affecting my mental health and in turn makes me not want to leave the house. I cry a lot when I’m on my own.”*

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<sup>1</sup> Households Below Average Income (HBAI) 1994/95-2011/12, Table 4.5db. DWP 2013

<sup>2</sup> OPFS Stakeholder Focus Group Discussions Report, February 2014, Response to the Scottish Government Expert Working Group on Welfare: Call for Evidence: <http://www.gov.scot/Resource/0045/00451857.pdf>



## The impact of the proposed changes

For many single parents extending the current freeze on most social security benefits until 2020 will make this situation much worse. Research by Joseph Rowntree Foundation has shown how over time the rates of social security benefits are already failing to keep up with cost of living for single parents.

JRF annually up rated Minimum Income Standards (MIS) set out the minimum needed to enable people to meet their basic needs with dignity. MIS research shows that a single parent could afford only 57 % of MIS in 2013 compared with 68 % in 2008. In 2013 a single parent with one child needed a weekly minimum income (before housing and childcare costs), of £269.13. Their benefit entitlement was £154.72 - 57% of that amount.<sup>3</sup>

## The wider context - the Bill and the Summer Budget

The impact of the Bill must be considered alongside the UK Government's Summer Budget. The proposals in the Bill as a whole combined with the cuts in the budget will take a total of £9.7 billion out of the pockets of our poorest citizens by 2020/21. The UK Government has claimed that the provisions in the Bill along with the measures in the Summer Budget (which includes cuts to tax credits and an increase in the minimum wage) will increase incentives to move in to work and make work pay.

In fact, these changes will only decrease work incentives (by reducing tax credit and universal credit for those in work) and plunge many single parent families into even greater poverty. While families across the board will lose out, single parents will be hit hardest. For example, the IFS estimates that current proposals, (including cuts to tax credits and the uprated minimum wage) will result in a loss of **£1,790 a year by 2019**;<sup>4</sup> for a single parent working 20 hours a week on the minimum wage with two children under five.

## Clauses 11 and 12

These clauses will limit which limit entitlement to child tax credit for the first two children only.

There is no doubt that this would have a very severe impact on families with three or more children. Research by CPAG has shown that the cost of bringing up a third child is around £8450.00 pa but the current maximum entitlement to tax, child benefit and tax credits only meets (at most) 84.6% of the cost. So already support is far short of what it needs to be.

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<sup>3</sup> Joseph Rowntree Foundation A minimum income standard for the UK in 2014  
<http://www.jrf.org.uk/sites/files/jrf/Minimum-income-standards-2014-FULL.pdf>

<sup>4</sup> IFS (2015) [Summer Budget 2015: IFS post-Budget analysis](#).



These proposals would mean that families with a third child would lose £ 3,670 pa so that they would struggle to maintain even basic necessities like food and heat.<sup>5</sup>

The view that having a third child is a luxury which only the wealthy should be entitled to is completely unacceptable. The whole premise behind this (that people should consider the financial implications of having a child) bears hardly a moment's scrutiny in any case. Many families who claim social security may well have not been claiming when they had their third child and it is only a change of circumstances since which led to their claiming.

## **Clauses 7 and 8**

These Clauses will extend the current benefit cap to many more families.

### **The current situation**

The benefit cap (introduced 2012), caps the amount of social security payments that families who (not in paid employment) can receive at £26,000. The cap is implemented by reducing the amount of housing benefit (or universal credit) paid to the household.

The cap affects greater numbers in England than in Scotland, due to higher housing costs in some areas of England. However, the impact on those who are affected can be very severe so that looking numbers alone underestimates the impact. It is also important to ask who is being affected and research has shown that the majority, 56%, are single parents and that 76% of these households have a child under five years old.<sup>6</sup>

### **The proposed changes**

This Bill proposes to reduce this to £20,000 pa (except in London where it will be £23,000pa). As the cap is lowered more single parent families will be caught by the cap and thrown into greater poverty. The UK Government's impact assessment for the new proposals expects 59 % of those affected to be female single parents.<sup>7</sup>

We object to the cap because it completely undermines the principle that families should have an entitlement which actually reflects their circumstances, including their housing costs. Like sanctions the cap aims to force single parent and others into moving into work (or

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<sup>5</sup> D Hirsch, The Cost of a Child in 2014, CPAG, 2014,  
[http://www.cpag.org.uk/sites/default/files/Cost\\_of\\_a\\_child\\_2014.pdf](http://www.cpag.org.uk/sites/default/files/Cost_of_a_child_2014.pdf)

<sup>6</sup> DWP, 2015a. Benefit cap - number of households capped, data to May 2015, GB. [Online] Available at:  
<https://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-may-2015>

<sup>7</sup> DWP, 2015b. Welfare Reform and Work Bill: Impact assessment for the benefit cap. Available at:  
<http://www.parliament.uk/documents/impact-assessments/IA15-006.pdf>



moving house) or suffer severe financial stress and poverty. We are fundamentally opposed to a policy which uses extreme poverty as a policy instrument.

### The benefit cap and Scottish devolution

The Scotland Bill sets out the detail of forthcoming additional devolved powers for Scotland including new powers over elements of social security. As it stands, the Bill would devolve power to set the rate of the housing element of universal credit. This would potentially enable the Scottish Government to ensure that housing cost are met and families are supported to meet their basic needs. It is essential that this forthcoming devolved power is not undermined by the benefit cap.

### Clause 15

This clause would introduce greater conditionality and sanctions for parents with children under five years old.

### Conditionality and sanctions - the current rules

Until relatively recently, single parents were not required to claim JSA (and therefore not subjected to sanctions) until their youngest child was 16. By 2012 this had been reduced to, five years. More limited sanctions can also be imposed on single parents claiming Income Support when their children are as young as one year old.

Over time, the severity of sanctions in terms of the numbers of parents affected, the amount of benefit lost and the length of time which they are imposed has dramatically increased. For those claiming JSA the minimum period for which benefits can be suspended is now four weeks and the **maximum three years**. Single parents can lose all of their individual benefit allowance, having a knock-on effect on their children – punishing parents and children alike.

### The impact of the current rules

There is now a large amount of evidence which shows that sanctions are often applied in an arbitrary and unfair way, plunging families into severe poverty, with devastating effects on people's health and wellbeing.<sup>8</sup> These findings chime with our own experience; working with

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<sup>8</sup> See, for example, Punishing Poverty, Manchester; CAB; 2013: [http://www.manchestercab.org/news\\_more.asp?news\\_id=19&current\\_id=1](http://www.manchestercab.org/news_more.asp?news_id=19&current_id=1); or Third sector and welfare on the frontline Scottish Council for Voluntary Organisations December 2014: <http://www.scvo.org.uk/wp-content/uploads/2014/12/SCVO-Welfare-Research-Report-FULL-REPORT-Dec-2014.pdf>



single mothers who are sanctioned or threatened with sanctions through no fault of their own.

OPFS recently conducted an on-line survey of single parents' experiences of the welfare reform across Scotland (forthcoming). In it we asked parents if they had been sanctioned and if so what their experiences were. These are some of their responses:

*"I missed an appointment after I was admitted to hospital after my first pregnancy scan showed my baby had died, despite me phoning them to explain the situation, and being assured it was ok and it would be rescheduled, I had to fight to have my money reinstated and was without for 3 weeks."*

Another parent said:

*"[My] advisor forgot to send me an email. She was sorry about it but sorry didn't feed my kids at the weekend."*

One parent, who was in part time work, explained how she had been sanctioned or threatened with sanctioning several times:

*"Threatened with sanction for not quitting job to attend a Work Programme. Sanctioned for being late with pay slips. Sanctioned for phoning in sick to sign on."*

Whilst most studies have looked at the impact of actual sanctions, few have considered the impact of the threat of sanctions on single parents and their children (and indeed others) in relation to the increased stress and ill health. One of our service users<sup>9</sup> commented that:

*"Every time I sign on at the Jobcentre I lie awake the whole night before worrying about whether or not I'll get sanctioned and how I'll cope. I never know whether I've done enough to avoid being sanctioned. I'm always phoning them to check."*

Our experience is that the fear and threat of sanctions is sometimes forcing parents into making decisions they would not choose to make as parents, in the best interests of their children.

### **The proposed changes**

The Bill will increase the severity of the sanctioning regime even further. The proposals require parents with children as young as three to look for work as a condition of universal credit. It also places additional requirements on those with two year olds to prepare for

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<sup>9</sup> OPFS Stakeholder Focus Group Discussions Report, February 2014, Response to the Scottish Government Expert Working Group on Welfare: Call for Evidence: <http://www.gov.scot/Resource/0045/00451857.pdf>



work. Those who are deemed to have failed to meet these new requirements will face sanctions.

The UK Government's impact assessment of the Bill shows that around 220,000 carers will be affected. The majority of these, around 75 %, will be single parents.<sup>10</sup> This is a major step-change, imposing full conditionality on single parents with pre-school children for the first time will only plunge more single parent families with even younger children into poverty and distress.

### **Supporting single parents in to sustainable employment**

We are fundamentally opposed to the use of forced destitution as a policy instrument. But even leaving this aside, there is little robust evidence that sanctions, as opposed to other approaches, are a good way to increase sustainable participation in the labour market. For example, DWP research on the effects of benefit sanctions on single parents' behaviour including moves into employment concluded that:

*"The findings in this study, based on the data gathered from both the lone parents and the Jobcentre Plus staff, suggest that imposing a sanction had only a negligible effect on customers' labour market decisions."<sup>11</sup>*

This evidence, chimes with our own experience, working with single parents. The majority of single parents, 63.4 %, are already in work.<sup>12</sup> and the majority of those not in work are keen to work or enter education or training. Single parents tell us they want good, well-resourced help and assistance with finding and moving into work. They are already highly motivated to work so sanctions are ineffective. The key influences on their decisions about moving in to employment relate to structural barriers such as the availability of affordable and flexible childcare.

Instead of focusing on punitive measures which threaten the well-being of parents and their children more attention should be placed tackling the real barriers which parents face. There needs to be a focus on the provision of affordable and flexible childcare, opportunities to improve skills and qualifications, good employability support services and greater availability of flexible and/or part-time, sustainable, quality jobs which offer good pay and prospects for progression. There should continue to be recognition within the Claimant Commitment that

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<sup>10</sup> DWP, 2015b. Welfare Reform and Work Bill: Impact assessment for the benefit cap. Available at: <http://www.parliament.uk/documents/impact-assessments/IA15-006.pdf>

<sup>11</sup> Department for Work and Pensions Research Report No 511, The effects of benefit sanctions on lone parents' employment decisions and moves into employment Vicki Goodwin Centre for Public Policy, University of Northumbria on behalf of the Department for Work and Pensions 2008 <http://lx.iriss.org.uk/sites/default/files/resources/rrep511.pdf>

<sup>12</sup> ONS (2014) Working and workless households, 2014. Table P.



single parents have a right to flexibilities which are laid out in regulations rather than guidance.

### **Childcare provision and devolved responsibilities in Scotland**

The UK Government has announced the extension of free childcare provision to 30 hours per week by September 2017. In Scotland, childcare is devolved and as there is a forthcoming election there is no firm timetable for increasing provision. The current Scottish Government has indicated they would extend provision to 30 hours by the end of the next parliament, if re-elected. However, with a strong focus on the needs of the child being paramount, and therefore the need to ensure that provision of childcare is of high quality, it is likely that this would be phased in over longer period than that proposed by Westminster. By imposing further conditionality on parents across the UK and failing to take account of the Scottish Government approach in devolved areas like childcare, parents in Scotland could be subjected to the same destructive regime but face greater barriers in terms of lack of childcare. As a minimum any changes should not be implemented in Scotland until similar levels of childcare provision are in place.

## **Conclusion**

### **Human rights, children's rights and concluding remarks**

The proposals in the Bill undermine parent's and children's human rights. The UK is signatory to a number of international treaties that guarantee social and economic rights. These include the International Covenant on Economic, Social and Cultural Rights (ICESCR) which guarantees the right to an adequate standard of living including adequate food, clothing and housing (Article 11 (1)), the fundamental right of everyone to be free from hunger, (Article 11(2)) and the right to social security (Article 9).<sup>13</sup>

There is evidence that the UK Government's welfare reform programme to date is already failing to uphold these rights. The ICESCR monitor has severely criticized the UK government for failure to meet the fundamental right to food as set out in article 3. Amongst the causes of increased hunger in the UK, it identified welfare reforms, including sanctions.<sup>14</sup>

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<sup>13</sup> International Covenant on Economic, Social and Cultural Rights:  
<http://www.ohchr.org/EN/ProfessionalInterest/Pages/ICESCR.aspx>

<sup>14</sup> Just Fair, Going Hungry? The Human Right to Food in the UK (London, Just Fair, 2014)  
<http://www.barrowcadbury.org.uk/wp-content/uploads/2014/04/Going-Hungry-Human-Right-to-Food-REPORT-FINAL-.pdf>





Other relevant protections include the United Nations Convention on the Rights of the Child (UNCRC)<sup>15</sup> which guarantees children the right to a standard of living adequate for the child's development (Article 27) and the right to benefit from social security (Article 26).

The Scottish Government, under its currently devolved responsibilities, recently incorporated those rights set out in the UNCRC into the Children & Young People (Scotland) Act 2014 but this is being seriously undermined by previous and forthcoming cuts to social security provision and increasing conditionality and sanctions set out in the Bill.

In a recent Supreme Court case three out of five judges who had considered the impact of the current benefit cap on the children of affected families found that it was in breach of children's rights set out in UNCRC.<sup>16</sup>

Our experience of working with single parents has shown us how the previous social security and tax credit cuts, alongside increasing conditionality, has led to greater poverty and stress for parents and children alike. These proposals in this Bill will only make this situation worse, pushing more families into poverty and undermining their basic human rights.

**We urge all MPs to support those amendments which would prevent these changes and mitigate against their worst aspects.**

## **For further information contact**

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<sup>15</sup> Summary fact sheet of UNCRC: [http://www.unicef.org/crc/files/Rights\\_overview.pdf](http://www.unicef.org/crc/files/Rights_overview.pdf)

<sup>16</sup> R (SG and Others) v SSWP (formerly JS and Others)

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## **Supporting and inspiring single parent families across Scotland**



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