

Poverty Alliance submission to the Work and Pensions Committees' inquiry into the cost of living

June 2022

Who we are

The Poverty Alliance is Scotland's anti-poverty network. Together, we influence policy and practice, provide evidence through research, support communities to challenge poverty and build public support for the solutions to tackle poverty. Our members include grassroots community groups, activists who are experiencing poverty, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

Key Summary

- Although the support package introduced by the Chancellor will go some way in supporting households in the short term, the continuing impact of the rising cost of living and the impact of the pandemic require a bolstering of our social security system to provide long-term and sustainable support in order to prevent more people being pulled into poverty.
- To support people through this crisis and meaningfully tackle poverty in the long term, all benefits should be uprated in line with inflation, and policies separating award from entitlement (the benefit cap and the two-child limit) must be removed.
- The 5 week wait for Universal Credit should be removed. This waiting period not only adds to the general stress and anxiety that claimants experience but can also have longer-term impacts on their financial wellbeing as unmanageable debts can increase, leaving them unable to weather the storm.
- The sanctions regime which pulls people into poverty and destitution should be scrapped. Instead, introduce a Safeguarding approach as standard practice which aims to prevent people from losing income by giving context to incidents such as *Failure to Attend*.

Our submission

- **How effectively will the new Cost of Living Payments protect different types of households from increases in the cost of living?**

We have welcomed the payments introduced to tackle the cost-of-living crisis. The recently announced £650 payment for low-income households will go some way to protecting those on the lowest incomes in the short term from some of the harshest income shocks, particularly with the next price cap lift in October.

Regarding the £400 household bills support. Although we welcomed this payment, we are concerned that households who are already in debt with energy costs will not see the impact of this payment as the money would go towards offsetting debt, which will fail the stated policy intent of supporting households with the rising costs of energy.

There is also no targeted support for groups such as unpaid carers and larger families, who have significantly higher costs than other households. They require additional support if they are to be protected from the income shocks posed by the rising cost of living.

Broadly, our primary concern centres around the short-term nature of this support. Although these payments will provide some support for people in the short term, their long-term impact on levels of poverty will be limited. Impacts of the pandemic.

Social security in the UK has undergone significant changes and reforms over the last decade or more, which have resulted in the system being fundamentally inadequate for many; tightening rather than loosening the grip of poverty on people's lives. Policies like the benefit cap, the two-child limit and the 5-week wait for first Universal Credit payments cause significant hardship, and this will be felt even more acutely through the duration of this cost of living crisis.

In turn, levels of poverty experienced by people in working households indicate that employment alone is not sufficient in protecting people from hardship, given the prevalence of low pay and insecure contracts.

In order to efficiently protect all households from the rising cost of living, it is structural changes to both social security and employment policy (which we will expand upon these later in this response) that will make the most meaningful difference in the longer term and throughout the duration of the cost-of-living crisis.

This cost of living crisis poses the opportunity for all levels of government to do the right thing by changing the structures around social security and work which have pulled too many people into poverty. We can redesign our economy to be one that provides everyone with a decent and dignified life and protects us from the unexpected.

- **What approach should the Government take to the uprating of benefits and state pensions in future years?**

We share concerns with other organisations regarding the inadequacy of the UK social security.

In the short term, we support calls for all benefits to be immediately uprated in line with inflation and for the UK Government to shorten the time between assessing CPI in Autumn and uprating in Spring to ensure uprating reflects genuine inflation.

On state pensions, we would call for an immediate review on the adequacy of the amounts paid and whether these are fit for purpose in 2022.

In the medium term, the UK Government should commit to removing policies that separate entitlement from award such as the benefit cap and the two-child limit. Our campaign *Scrap*

the Cap has called for the removal of the benefit cap, with data showing that this policy overwhelmingly impacts households who are unable to work due to having a disability or childcare responsibilities; worsening outcomes and trapping them in poverty¹.

- **Following the Chancellor's announcement on 26 May, are there other ways in which the Government should increase support for people on legacy benefits and state pensions ahead of the next scheduled benefit uprating in Spring 2023?**
- **What changes should DWP make to their deductions policies and practices to protect those on Universal Credit and legacy benefits from reduced incomes?**

Debt

The UK Government should reduce the maximum cap on Universal Credit debt deductions from 25% to 15% and a maximum cap for state debt deductions at 5%. Participants in our research *How well is Universal Credit supporting people in Glasgow* who had experience of claiming and living on Universal Credit experienced high levels of stress and financial insecurity due to deductions, which often had to be managed alongside other debts.²

Increasing the cap on deductions from Universal Credit for state debt would help to reduce the harm caused when households are faced with a reduction in income due to deductions to reduce debt. These deductions can pull households further into poverty and does little to support households from falling into new debt as they have even less money to afford everyday living costs.

Sanctions

We strongly disagree with the use of sanctions within the UK social security system. We do not believe sanctions are effective in supporting people into work, and instead they act to push people into poverty and destitution. This has been conveyed to us by participants in our research on Universal Credit and in reports such as the *Welfare Conditionality Project* who found that Benefit sanctions do little to enhance people's motivation to prepare for, seek, or enter paid work/ Conversely, sanction routinely trigger profoundly negative personal, financial, health and behavioural outcomes and push some people away from collectivised welfare provisions³.

¹ <https://www.povertyalliance.org/wp-content/uploads/2022/01/Scrap-the-cap-campaign-pack-3-1.pdf>

² <https://www.povertyalliance.org/wp-content/uploads/2020/06/How-well-is-Universal-Credit-supporting-people-in-Glasgow.pdf>

³ http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/06/40475_Welfare-Conditionality_Report_complete-v3.pdf

Our research *How well is Universal Credit Supporting People in Glasgow* showed that sanctions were viewed as being ineffective by Job Centre staff in influencing claimants to move towards work, with many emphasising that they would seek every alternative option rather than using a sanction⁴.

Participants were very critical of the use of sanctions. They felt as a response their use was disproportionate and that the adverse consequences of being sanctioned were detrimental:

“I don’t want to be very angry and negative, but I just genuinely feel and know that people are just almost cast off from society when they’re on these benefits. It’s very, very difficult to feel that ... it’s difficult get out of that hole. So if you’re on a sanction, you’re making it even worse. There ain’t no benefits to being on sanction ... to get a sanction. I don’t know what it’s meant to achieve.”⁵

Those who had experience of claiming Universal Credit emphasised that the fear of sanctions caused significant anxiety. Additionally, claimants interviewed felt that the conditions placed upon those with job-search expectations were unrealistic and that work coaches did not explain it well enough. The impact of this stringent expectation on claimants’ feelings of anxiety around Universal Credit was evident in the interviews conducted for this research:

“It’s not about apply for that, apply for that – that’s what folk think they need to do, and it’s freaking them out, it really is, folk are losing sleep over it. You’ve got to explain, it’s not all about job hunting, it’s about everything related to it. And they’ve just not ... big 35 on the sheet, sign that. And it’s far too arbitrary, it’s horrible. So, explain that, and soften it, you need to be a bit more flexible with that. Because some folk just haven’t got the computer skills, know what I mean.”

The participants’ accounts highlighted their constant worry of whether they were ‘doing enough’ to meet the expectations of their work coach and the job-search expectations included in their claimant commitment.

This left people feeling disempowered and lacking in independence, which in turn led to a sense of a resigned acquiescence, which was evident across the interviews and in the Universal Credit claimant workshop.

“I don’t see that as encouraging an independent spirit in myself. It’s not empowering to be frightened ... It’s actually pretty hostile”

Contextually, it is important to note that the people most likely to receive sanctions are groups with more complex needs such as those in temporary accommodation or those facing mental health issues⁶. In these contexts, researchers found that a Safeguarding approach was more useful in ensuring claimants were not losing out on money. Some examples of good practice include the establishment of partnership protocols in Glasgow ensuring that where partner agencies were working with clients in very challenging circumstances, they could work with named contacts at the DWP to ensure this was known

⁴ <https://www.povertyalliance.org/wp-content/uploads/2020/06/How-well-is-Universal-Credit-supporting-people-in-Glasgow.pdf>

⁵ As above

⁶ <https://www.povertyalliance.org/wp-content/uploads/2020/06/How-well-is-Universal-Credit-supporting-people-in-Glasgow.pdf>

and likely issues could be anticipated – that is, trying to avoid sanctions for a ‘Failure to Attend’, for example, being applied because the DWP could not reach a client and was unaware of the difficult circumstances they were in.

Digital Access

A further step that could help protect those on Universal Credit and legacy benefits from reduced incomes is providing more support for those who lack digital access or digital literacy.

One participant in the *How well is Universal Credit supporting people in Glasgow* research explained that they had received a sanction due to a lack of IT skills, which meant they struggled to complete their online journal:

“I found it really difficult because I was not at school and I never ever picked the IT skills and the computers and that sort of thing, and I had to log into the computers and do it through that way, as you’ve seen me there, I found it really difficult and I had to get people to do it for me, and due to that, because I didn’t know how to log into the computer correctly, I ended up getting sanctioned, £10.50 a day for 90 days because I didn’t log in in time, apparently.”⁷

Digital access in terms of being unable to afford broadband, IT equipment and data, as well as a lack of knowledge in how to use these to access online platforms has been a recurring issue in research conducted by the Poverty Alliance and is a prominent theme in much of our *Get Heard Scotland* research. *Get Heard Scotland* is a project conducted by Poverty Alliance and funded by the Scottish Government which works to amplify the voices of those living on living on low incomes in Scotland. Lack of digital access and literacy can prevent people from being able to access basic services such as education, job applications and socialising⁸. For those facing financial concerns, it can pose a significant barrier to advice and information on income maximisation opportunities and what support is available to them through social security, and charities and third sector organisations⁹.

Further investment and promotion of services that provide digital access and literacy is one positive step that can help ease this pressure in the medium to long term. As part of this, we would call for the provision of good quality, affordable broadband to all low-income households in recognition of the status of internet access as a need, not a luxury. However, in the immediate need for greater support during this cost of living crisis, the UK Government should work to ensure that there is a greater availability of non-online applications for Universal Credit and ensure that individuals are not sanctioned for being unable to access the online journal and other resources currently necessary for receiving Universal Credit and other benefits.

⁷ As above

⁸ <https://www.povertyalliance.org/wp-content/uploads/2022/05/Low-Income-and-Debt-response-Poverty-Alliance.pdf>

⁹ https://www.povertyalliance.org/wp-content/uploads/2022/03/TPA_GHS_Child_Poverty_Plan_2022-26.pdf

- **How can the Government act to increase Pension Credit take up to help pensioners with rising living costs?**

As with other forms of support, we believe that the largest barriers preventing people from accessing support comes down to lack of awareness, accessibility. and stigma.

To boost awareness, information on available support such as pensioner credit should be available in as many spaces as possible including GP offices, hospitals, community centres, and supermarkets.

On accessibility, as we have said previously regarding digital literacy, the UK Government should ensure that there are non-online methods of applying for support and that these are heavily publicised whilst concurrently removing the need for multiple forms of identification which can make the process confusing and intimidating.

A further and often overlooked barrier to up-take is the role of stigma related to both poverty but also to social security itself. Poverty Alliance also provide secretariat support to the Cross-Party Group on Poverty in the Scottish Parliament and forthcoming reports will show that stigma plays a significant role in preventing people from applying for certain benefits because individuals do not wish to be perceived as being in poverty¹⁰. Submissions centred around elderly people's experiences of poverty showed that often older people struggling with living costs would not apply for available funding for fears of being perceived as having 'failed', this stigmatised ideas around social security reliance being viewed as a failure on the individual is a particularly toxic narrative that pervades all types of state support and is a large barrier to uptake in all areas of social security¹¹. The UK Government should consider how it chooses to communicate about social security and roll out communication strategies aiming to change the narrative around social security and poverty, removing the blame from the individual and promoting social security as a safety net that all of us can rely on if we need it, without shame.

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¹⁰ Report on the role of Poverty Related Stigma by the Cross Party Group on Poverty in the Scottish Parliament (Unpublished)

¹¹ As above