**Undoing 30 years of progress?**

**The impact of welfare reform on equality**

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The conference today is very timely. With the Welsh and UK economy continuing to struggle and huge cuts to public spending and services, it is all too easy for equality to slip off the agenda. Too many people regard equality as a luxury that can no longer be afforded or an impediment to much-needed growth.

So keeping equality at the forefront of policy-makers’ and service-deliverers’ minds is more important now than ever. Equality is not an optional extra.

I am going to argue that the UK government’s spending cuts, more specifically the changes to social security benefits or so-called welfare, are a significant threat to the progress made towards equality in the last 30 years.

**Reform of Social Security**

The UK Government is in the process of one of the most radical changes to social security benefits for decades. These changes will have a far-reaching impact on every single person in Wales and the UK – there is virtually nobody who will be unaffected.

They have a particularly dramatic impact on the protection and support that has hitherto been given to the most vulnerable people in society. As such, the changes risk undoing much of the progress made towards equality in the last 30 years.

***The Reforms***

The changes to social security benefits are extremely complex. Each benefit is changing individually, according to its own timetable. It’s worth a quick run through the main changes. These are by no means the only changes, but they nevertheless affect thousands of people:

* **Jobseekers’ Allowance** – greater requirements to search for work and tougher sanctions for non-compliance.
* **Incapacity Benefit** **and Employment and Support Allowance** – claimants’ ability to work is being assessed by the Work Capability Assessment. Those found fit are moved onto JSA if eligible, those who are not fit are allocated to either the work-related or support groups of Employment and Support Allowance. ESA that is not based on contributions is means-tested.
* **Income Support** – lone parents with children over the age of 5 are being transferred to JSA and required to look for work.
* **Housing Benefit** – changes here are particularly complex – some of the main ones are that benefit will be limited to cheapest 30% of rents, no benefit for accommodation with more than four bedrooms, under-35s must share accommodation, no benefit paid for ‘over-occupancy’ for people of working age.
* **Disability Living Allowance** – is being replaced with Personal Independence Payment with claimants’ needs being re-assessed.
* **Working Tax Credit** – threshold hours of work required to be eligible have increased to 24 per week, help with childcare costs reduced to 70% from 80%.
* **Child Benefit** – means-tested above household income of £50,000 and value frozen.

Plus there are as yet unknown changes to support for Council Tax and to Crisis Loans which have been devolved to the Welsh Government.

And if all this is not enough, most of the benefits mentioned will be replaced by a new benefit - ‘Universal Credit’ which will be introduced over 4 years starting in October 2013. Universal Credit is intended to be simpler to understand and administer, to encourage and reward employment by changing the rates at which benefits are withdrawn, and to get rid of arbitrary rules.

***Number of People Affected***

These changes to social security benefits will affect hundreds of thousands of people in Wales:

* nearly 1 in 5 people of working age receives one of the DWP benefits – 358,00 people.
* About the same number of people claim Housing Benefit and / or Council Tax Benefit.
* About 226,000 **working** households claim Working Tax Credit.
* More than 642,000 **children** get Child Benefit.

Cuts Watch Cymru estimates that about a quarter of the population of Wales is immediately affected by the changes to benefits for people of working age.

But the changes also matter for the other three-quarters of the population of working age who are not currently claiming. Even if they are not claiming NOW they could need to do so at some point in their lives. If they become too ill to work, if their partner leaves or if the axe of redundancy falls. None of us knows what is round the corner, and any one of us could need to claim a social security benefit next week, next month or next year.

**The Equality Impact of Changes to Social Security**

Changes on this scale will inevitably affect people with protected characteristics. The Department for Work and Pensions has undertaken equality impact assessments for almost all of the changes it is taking forward. Most of the EIAs are very detailed analyses of the way in which a change will affect each group of people, often accompanied by the outputs of various modelling exercises. They are in many ways exemplary – thorough, systematic and measured.

But they are also meaningless! Impact on equality is measured solely in terms of incentives to work and income for those who remain within the benefits system. The impact on those who the reforms have removed from the system, for example because they are deemed ‘fit for work’, is not included, nor do the assessments take into account factors such as meeting future needs of people with protected characterstics.

Where the analysis does identify negative impacts, these are presented as positives. For example, the new system includes considerable disincentives for second earners to work. This is however presented as:

 ‘second earners may be able to reduce or rebalance their hours or to leave work. In these cases, the improved ability of the main earner to support his or her family will increase options available for families to strike their preferred work/life balance.’

 *para. 73*

From these equality impact assessments, one has the impression that the changes to benefits are laying the trail towards a golden age of equality between men and women, disabled and non-disabled people, young and older, and different ethnic groups.

It may indeed be the case that **in some ways** the changes to benefits are a step forward. There is much that is wrong with the current system, and in criticising the reforms we are categorically not defending the status quo. But there are also **some ways** in which the new benefits are highly regressive, with the reforms having a considerable impact on the prospects of equality in society.

There are three reasons for arguing that there is a very substantial equality impact.

***The numbers impact***

First of all, there is an equality impact simply in terms of numbers. People with protected characteristics are more likely than others to need support from the state and so are more likely to receive benefits than others.

In terms of the likelihood of being in work, we know for example that lone parents, disabled people and people from ethnic minority groups are significantly less likely to be in a paid job than others:

* Lone parents (in the UK) have an employment rate of 59% compared with 71% for mothers in two-parent families and 90% for fathers in two-parent families.
* Only 27% of disabled people in Wales (DDA and work-limiting) are employed compared with 74.3% of non-disabled people.
* People from ethnic minority groups in Wales have an unemployment rate of 14.1% compared with the rate for White people of 8.6%

In terms of pay, which affects the likelihood of needing help with housing costs or general living expenses, we know that women, disabled people, people from ethnic minority groups and young people are more likely to be low-paid (i.e. earn £7 an hour or less) than other people (UK data):

* About 28% of disabled employees are low-paid (compared with 19% of non-disabled employees).
* Almost half of Bangladeshi and Pakistani employees are low paid, compared with a quarter of White British employees.
* 20% of women are low-paid compared with 10% of men.

It’s hardly surprising, then, to find that people with protected characteristics feature in large numbers amongst current claimants:

* 1. Women are 80% of claimants of Income Support in Wales, mainly because they are lone parents.
	2. More than half (56%) of claimants of DWP working-age benefits in Wales claim because of incapacity or disability.

There is very little data on ethnicity.

Social security benefits are supposed to provide support to people who, for a variety of reasons, are unable to support themselves fully. Given all the inequalities in society, it is no surprise whatsoever that the people who are most likely to need support from the state are those with protected characteristics.

***The Financial Impact***

The second reason for arguing that the changes to social security have an equality impact is the outcome of the changes for different groups of people – in other words who are the winners and losers.

DWP have undertaken detailed analysis of the financial impact of changes to benefits on different groups of people. These mainly demonstrate that no group of claimants with protected characteristics is significantly adversely affected by the changes compared with other claimants. It is the theory of equal pain (and occasionally equal gain).

But the question of equality is much more than which group gains or loses from the change to a benefit rule.

If we look more widely, we see a slightly different picture. Detailed analysis by the Institute of Fiscal Studies for the Welsh Government – looking at benefit changes and taxation suggests that on average, over the population of Wales as a whole, households will lose about 4.1% of their income between 2010-11 and 2014-15.

However, some groups of people will fare much worse – with women and children being particularly hard hit. IFS estimate that on average:

* lone parents (90% of whom are women) will lose more than 12% of their income by 2014-15 – equivalent to about £2,100.
* Workless couples with children will also lose 11-12% of their income.
* Families with children under 5 and more than two children are the worst affected of all.

These are very substantial decreases in projected household income, affecting people who are already have very limited means.

***The Social Impact***

The third reason for arguing that so-called welfare reform is unravelling progress towards equality concerns the social impact. I don’t mean issues such as increasing crime rates or greater incidence of mental ill-health – although these are likely social consequences – I mean changes in the social relationships between protected groups and the rest of society. These are the most difficult to quantify but may be the most far-reaching of all.

One of the most significant changes is that the new regime puts responsibility for a claimant’s plight firmly on the claimant. There is little if any recognition of the barriers to finding employment that claimants face – no recognition of discrimination in recruitment, of lack of childcare or lack of physical access to workplaces, of lack of employers’ willingness to make reasonable adjustments to a job or offer flexibility, or that a job is simply badly paid. Indeed, the UK government appears to be soft-pedalling on these issues at precisely the time when people who need action are moving into the labour market. The emphasis is only on incentives.

In the new regime, a claimant’s lack of job or low pay is seen to be because of the claimant’s lack of effort, and nothing else. He or she can therefore be vilified as work-shy, feckless and so on, rather than efforts being made to tackle discrimination and promote flexibility.

Indeed, the whole way in which people talk about benefits has changed. Disabled people report a marked change in attitudes towards them in recent months, and that the incidence of disability hate crime appears to be increasing.

The changes to benefits have the potential to change relationships within families, mostly in regressive ways. The Work Capability Assessment, the re-assessment of eligibility of disabled people for Personal Independence Payment and the means-testing of income-based ESA and JSA will mean that some people will lose their income entirely whilst others could experience a significant drop.

Unless the former claimant manages to find employment, other members of their household will be expected to support them. Disabled people are likely to be particularly adversely affected by the loss of income from WCA and PIP assessments, whilst women, as traditional carers, may pick up the consequences of the disabled person’s reduced income, purchasing power and independence.

That’s not all. The new Universal Credit will be paid only to one member of the household (although Child Benefit and Carer’s Allowance will continue to be paid to the claimant). So, even if the household’s benefit claim is made up of entitlement by several members of the household, only one person will actually get the money (and this will be monthly).

Studies of how families manage their money suggest that women often don’t have equal access to family cash and are likely to bear the brunt of shortfalls in income, all the more so with a switch to monthly rather than fortnightly payments.

And then there’s the question of second earners. Universal Credit has been **explicitly** designed to encourage **one-earner** households:

“incentives for first earners have been given priority over second earners … The aim of Universal Credit is to ensure that as many households as possible have at least someone in work and that work will pay for that household.”

Couple this with the squeeze on women’s employment in the economy generally and the reduction in support for childcare costs, and there is little incentive for a second earner to work. The Resolution Foundation has shown that a second earner in a family working 16 hours a week on the minimum wage would, on Universal Credit, take home £17 a week after childcare costs – around £1 an hour – compared with £46 a week under the current system.

Of course the DWP doesn’t proscribe who are primary and secondary earners, but you don’t need a crystal ball to predict that there won’t be many men who stay at home.

Add to this the consequences of changes to support for housing costs. The under-occupancy rule means that couples claiming housing benefit will not be able to have a spare bedroom should they wish to sleep apart; the exclusion of homes with more than four bedrooms from benefit means multi-generation families can no longer claim housing benefit for that home if they wish to live together; and benefit is restricted to the shared rate for a 33-year old who lives alone, irrespective of his or her needs.

It seems to me that underlying the reforms is the ideal that claimants should live in nuclear families, neatly tucked up into their allocated bedrooms, with one partner out at work.

**Conclusion**

The UK benefits system is being transformed. Through a combination of changes to existing benefits and the new Universal Credit, the UK Government aims to cut £18 billion off the benefits bill. There is every prospect of a further £10 billion cut in the near future.

People with protected characteristics will bear a disproportionate share of these cuts, simply because the inequality they face in employment means they are more likely to rely on benefits. In other words they are facing a **double penalty** simply because of their characteristics – disadvantaged in the labour market and now targeted by benefit reform.

But the equality impact of the changes go much deeper than this. They have the potential to re-make the relationships between people – between women and men, disabled and non-disabled, young and old. The benefit reforms are based on a model of individual and household behaviours that has more in common with the 1950s than the 21st century.

What I see in welfare reform is not just incentives to work. I see the restriction and in some cases the removal of the safety net that people with protected characteristics need more than most. I see a ‘blame the victim’ ethos, which demonises rather than supports claimants. And I see an emphasis on a model of family relationships that is deeply conservative.

With these changes there is a real risk that progress achieved in the last 30 years will being to be undone.

We have to have a different vision to this – not only for claimants but for everyone. We need to emphasise the need for a safety-net, for that ‘just in case’ need that could affect anyone.

We need a safety-net that, yes, encourages people into employment, that ‘incentivises’, but that also recognises that some people find it especially hard to get into work, not because of lack of effort but because of discrimination and barriers. They should not be penalised but supported.

And we need a safety-net that is fair, that doesn’t shoe-horn people into a standard model of a household, but that, by providing social support, enables people to fulfil their potential no matter who they are.

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