

**Scottish Campaign  
on Welfare Reform**



c/o Unit 9  
94 Duke Street  
Glasgow G4 0UW

18<sup>th</sup> January 2012

Dear Member of Parliament,

**Welfare Benefits Up-rating Bill: Monday 21 January 2013**

We are writing on behalf of the Scottish Campaign on Welfare Reform (SCoWR), a broad and diverse coalition of over 60 Scottish charities, faith groups and trade unions, to urge you to oppose the real terms cut to benefits and tax credits contained in the Welfare Benefits Up-rating Bill when it is next considered by Parliament on Monday (the 21<sup>st</sup> January).

Drawing on the experience of members working with tens of thousands of individuals and families across Scotland the SCoWR Manifesto<sup>i</sup> sets out five key principles that we have jointly agreed should underpin reform of the social security system. The first of these principles is that benefits should be set at a **level where no one is left in poverty and all have sufficient income to lead a dignified life.**

The current Bill completely contradicts this principle.

Up-rating key in- and out-of-work social security benefits and tax credits by a sub inflation 1% for the next three years breaks any link with increases in the actual costs of essentials such as food and energy. It amounts to a 4% cut in real terms<sup>ii</sup> to benefits and tax credits which are already too often inadequate to protect people from poverty. It guarantees a fall in living standards for anyone who relies on the state for all or part of their income, including low paid workers, lone parents, carers and people who are disabled or face long term illness. It will drive significant numbers of families into poverty, and many of those on the lowest incomes into even deeper poverty - this week the Government confirmed relative child poverty would rise by 200,000 children across the UK as a direct result of the Bill<sup>iii</sup>.

Attempts to portray the Bill as a 'fair' way of differentiating between supposed hard working 'strivers' and benefit-claiming 'skivers' ignore the fact that 60% of the up-rating cut will fall on those who are already in work<sup>iv</sup>, and is in itself an

attack on the dignity of those not in work due to unemployment, ill health, disability or who need to prioritise unpaid caring responsibilities.

Arguments that the Bill is necessary to support the UK Government's deficit reduction strategy are also highly misleading. The Treasury's own analysis demonstrates that recent tax and benefit changes outlined in the Autumn Statement will actually *increase* the incomes of three out of five people in the richest half of the population, whilst decreasing the incomes of those in the poorest half, with the bottom 20% seeing the greatest loss<sup>v</sup>. Genuinely fair deficit reduction would not place such a disproportionate burden on the poorest households.

The case studies below give examples of the hardship already faced by individuals and families both in and out of work for whom benefits and tax credits make up an important part of their income. We hope they help give a sense of the damage that will be caused by further real terms cuts in the value of their benefit and tax credit support.

Recent peer research undertaken by Fife Gingerbread Community Researchers in partnership with the Poverty Alliance<sup>vi</sup> among lone parents in Fife found that "Rising costs, in particular the costs of food and fuel, have impacted heavily... This has resulted in many lone parents skipping meals to feed their children"

*"Occasionally I will miss meals and things like that just to make sure they (my children) get wee bit and pieces. It makes me feel better about them having, than me having"*

*"Now the weather is turning a bit colder, I will turn the thermostat down and sit with a jumper or a coat on....Because I can do that but I would not expect my kids to do that, sit in the cold with a jumper and coat on"*

Note: The DWP's impact assessment of Bill states that "Lone parents are the family type who are most likely to be affected and also have the highest average change (-£5 per week)<sup>vii</sup>"

Jess is 30 and has limited mobility as a result of MS and impaired vision. She is in the Employment Support Allowance work-related activity group and gets £99.15 a week. She also gets Disability Living Allowance lower rate mobility component of £20.55. This gives her just enough to get a taxi to volunteer as a befriender two days a week.

By 2015/16 her ESA will be worth £102.15, £4.10 less a week than if it had been uprated by CPI.<sup>viii</sup> Her DLA is still uprated as normal, but would only offset £1 of the lost income.<sup>ix</sup> Despite the partial protection offered by her DLA, Jess loses over 3 per cent of her weekly income as a result of the Welfare Up-rating Bill. The squeeze means Jess will have to cut down on her befriending work, which she looks forward to all week. It's the only way she can ensure she can cover her food and fuel bills, which seem to be going up all the time.

Note: modeled case study based on the experience of SCoWR members<sup>x</sup>.

Jamal is the main carer for his sister, who is disabled, and also a lone parent with a daughter aged 8. He gets carer's allowance of £58.45 a week, topped up by £45.15 income support. He also gets child benefit of £20.30 and child tax credit of £62.09 a week. His total income is £185.99 a week. By 2015/16 his total income will be £192.33.<sup>xi</sup> Because only the carer premium is protected from the Welfare Uprating Bill, he has lost just under £5 a week due to the measures in the Bill,<sup>xii</sup> 2.5% of his weekly income.

Note: modeled case study based on the experience of SCoWR members<sup>xiii</sup>

In conclusion we urge you to protect the incomes of struggling households across Scotland and oppose the Bill when it is considered again on Monday (the 21<sup>st</sup> January), as well as support amendments that would help mitigate it's impact.

In the meantime please do not hesitate to get in touch if you would like further details or to discuss the issues further.

Yours sincerely,

Grahame Smith  
General Secretary  
STUC

Rev Sally Foster-Fulton,  
Convener  
Church and Society Council  
of the Church of Scotland

Martin Sime  
Chief Executive  
SCVO

John Dickie  
Head of CPAG in Scotland  
Child Poverty Action Group

Margaret Lynch  
Chief Executive  
Citizens Advice Scotland

Richard Hamer  
Director of External Affairs  
Capability Scotland

Peter Kelly  
Director  
Poverty Alliance

Maddy Halliday  
Director Scotland  
Stroke Association

Bill Scott  
Manager  
Inclusion Scotland

Satwat Rehman  
Chief Executive  
One Parent Families Scotland

Carolyn Roberts  
Head of Policy and Campaigns  
SAMH

Alison Todd  
Director of Policy  
Children 1st

Martin Johnstone  
CEO  
Faith in Community Scotland

Maggie Kelly  
Co-ordinator  
Scottish Campaign on Welfare  
Reform

On behalf of members the Scottish Campaign on Welfare Reform (SCoWR)

**SCoWR** members include: Action for Children Scotland, Action Group, Afreshe, Archibald Foundation, Bipolar Scotland, Capability Scotland, Carr-Gomm Scotland, Children 1<sup>st</sup>, Child Poverty Action Group, Choices - One Parent Families West of Scotland, Church and Society Council of the Church of Scotland, Church Action on Poverty, Citizens Advice Scotland, Ecas, Edinburgh Coalition Against Poverty, Energy Action Scotland, Faith in Community (Scotland), Glasgow Council for the Voluntary Sector, Glasgow Disability Alliance, Glasgow University Students' Representative Council, Headway UK, Hillcrest Housing Association, Inclusion Scotland, Iona Community, Leonard Cheshire Scotland, Margaret Blackwood Housing Association, Momentum, National Autistic Society, One Parent Families Scotland, Oxfam in Scotland, Poverty Alliance, Public and Commercial Services Union, Quarriers, RNID Scotland, Salvation Army, SAMH, Save the Children in Scotland, Scotland's Commissioner for Children and Young People, Scottish Council for Single Homeless, Scottish Drugs Forum, Scottish Federation of Housing Associations, Scottish Homelessness & Employability Network, Scottish Out of School Care Association, Scottish Poverty Information Unit, Scottish Womens Convention, SCVO, Stroke Association, STUC, Sense Scotland, Turning Point Scotland.

<sup>i</sup> [http://www.cpag.org.uk/sites/default/files/SCOWR-Manifesto\\_0.pdf](http://www.cpag.org.uk/sites/default/files/SCOWR-Manifesto_0.pdf)

<sup>ii</sup> S Adam (2012) *Personal taxes and benefits* presentation given to IFS briefing on Autumn Statement, 6 December 2012, available online at [http://www.ifs.org.uk/conferences/PTAB\\_SA.pdf](http://www.ifs.org.uk/conferences/PTAB_SA.pdf)

<sup>iii</sup> question 137238 in column 715W of Hansard here:

<http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm130115/text/130115w0003.htm>

<sup>iv</sup> [www.resolutionfoundation.org/media/media/downloads/AUTUMN\\_STATEMENT\\_HITS\\_STRIVERS\\_AS\\_WAGE\\_SQUEEZE\\_IS\\_PROLONGED.pdf](http://www.resolutionfoundation.org/media/media/downloads/AUTUMN_STATEMENT_HITS_STRIVERS_AS_WAGE_SQUEEZE_IS_PROLONGED.pdf)

<sup>v</sup> chart 1.B [www.hm-treasury.gov.uk/d/as2012\\_distributional\\_analysis\\_impact\\_on\\_households%281%29.pdf](http://www.hm-treasury.gov.uk/d/as2012_distributional_analysis_impact_on_households%281%29.pdf)

<sup>vi</sup> [http://povertyalliance.org/news\\_pubs/reports/surviving\\_poverty](http://povertyalliance.org/news_pubs/reports/surviving_poverty)

<sup>vii</sup> <http://www.dwp.gov.uk/docs/welfare-benefits-up-rating-bill-ia.pdf>

<sup>viii</sup> House of Commons Research Paper 13/01, Appendix 2

<sup>ix</sup> House of Commons Research Paper 13/01, Appendix 2 gives a predicted CPI of 2.6% in September 2013 and 2.2% in September 2014, leaving DLA lower rate mobility rates as follows: 2013/14 £21.00; 2014/15 £21.55; 2015/16 £22.00

<sup>x</sup> case studies does not take account of the additional potential impact of the uprating of the local housing allowance by 1 per cent, which will result in many people in situations like these having to make payments towards their housing costs from this reduced income, as rent rises outstrip the support that they receive through housing benefit.

<sup>xi</sup> Income support/carer's allowance (IS/CA) £108.00 (IS personal allowance from House of Commons Research Paper 13/01, Appendix 2, carer premium updated by CPI predictions in the same document, carer's allowance counts as income for income support so no calculation needed) child benefit £20.70; child tax credit £63.63.

<sup>xii</sup> IS/CA £110.00; child benefit £21.30; child tax credit £65.80. Figures from House of Commons Research Paper 13/01, Appendix 2 (child tax credit child element uprated by CPI predictions from the same paper, assumption that family element remains frozen).

<sup>xiii</sup> case studies does not take account of the additional potential impact of the uprating of the local housing allowance by 1 per cent, which will result in many people in situations like these having to make payments towards their housing costs from this reduced income, as rent rises outstrip the support that they receive through housing benefit.