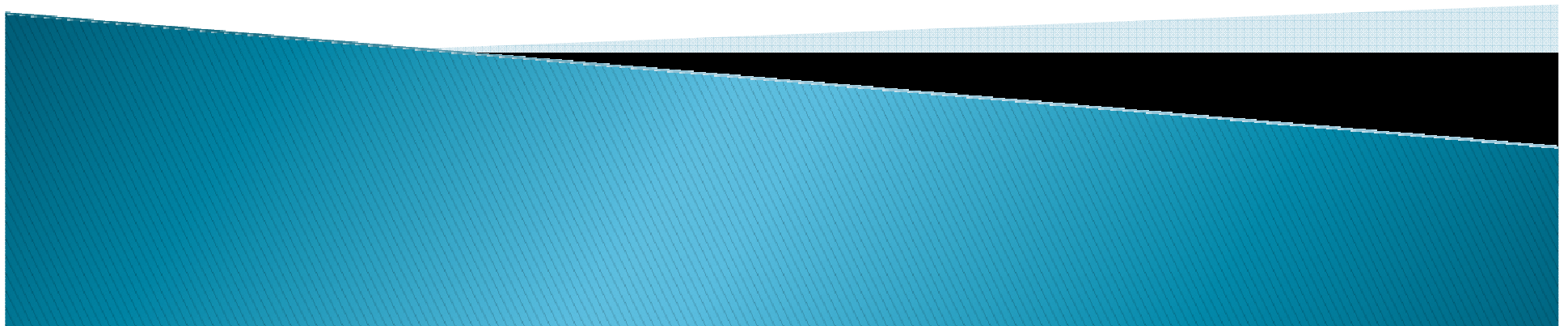




Poverty – is it true? Welfare Reform – is it fair?

Jane Clay
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Cardiff & Vale Citizens Advice Bureau



What is poverty?

Poverty is when someone's resources are so far below those of the norm for the society they belong to that they are effectively 'excluded from ordinary living patterns, customs and activities'.

“People in Britain aren’t really poor. When people say they are poor, it’s because they can’t afford designer trainers or a large screen TV”

- ▶ Almost 18 million people cannot afford adequate housing conditions.
- ▶ Roughly 14 million cannot afford one or more essential household goods.
- ▶ Almost 12 million people are too poor to engage in common social activities considered necessary by the majority of the population.
- ▶ About 5.5 million adults go without essential clothing.

*“People aren’t poor – they’re just too materialistic.
We can’t all have a six bedroom house and a Lexus”*

- ▶ Around 4 million children and adults are not properly fed by today’s standards.
- ▶ Almost 4 million children go without at least two of the things they need.
- ▶ Around 2.5 million children live in homes that are damp.
- ▶ Around 1.5 million children live in households that cannot afford to heat their home.

“People who are poor are skivers – they are poor because they don’t work and don’t want to work”

- ▶ For the first time ever, *in-work* poverty in working-age households has overtaken *workless* poverty, with 6.1 million people in working households living in poverty, compared to 5 million in workless households.
- ▶ The majority of jobless people are out of work because they are disabled, have caring responsibilities or just can’t find a job. There are at least 4 people on Job Seekers Allowance (JSA) chasing every unfilled jobcentre vacancy in the Britain. In some areas this figure is more than 20 job seekers per vacancy

And here?

- In Wales:
 - Nearly 400,000 working-age adults, 200,000 children and 100,000 pensioners in Wales are in poverty as measured by low income after housing costs have been deducted.
 - Half the children in poverty belong to working families.
 - Half the improvement in the child poverty rate between the mid-1990s and the mid-2000s has been lost in the last five years.
 - An estimated 16% (4,311) of children in the Vale of Glamorgan are living in child poverty

“There’s no need for people to use foodbanks – they do so because they spend all their money on alcohol or cigarettes”

- 35,000 people in Wales used Foodbanks last year
- The main reasons for referral are as follows:
 - Benefit delays: 24%
 - Low income: 20%
 - Benefit changes: 12%
 - Debt: 11%
 - Homelessness: 6.5%

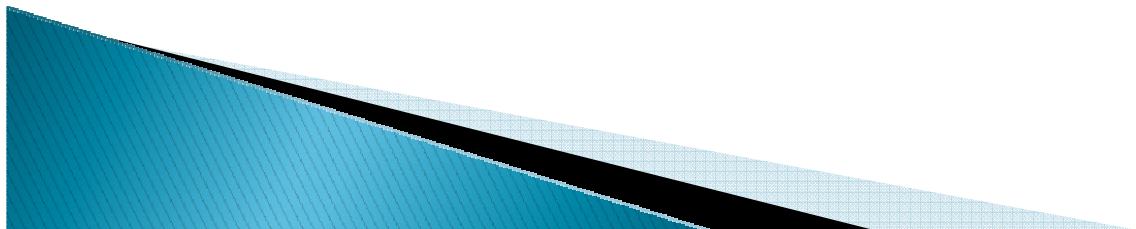
CAB clients nationally

- ▶ Three-quarters of clients were not in paid employment.
- ▶ Nearly two-thirds relied for their main source of income on social security benefits.
- ▶ Nearly two-thirds regarded their financial situation as 'quite difficult' or 'very difficult'.



CAB clients nationally

- ▶ More than half reported that they had gone without clothes or shoes on occasions in the previous year because of lack of money.
- ▶ A quarter had even gone without food.
- ▶ Just under half reported a health problem.



CAB stats in the Vale

2012/13

2011/12

Clients: 5,688
Problems: 18,126

Clients: 5,403
Problems: 17,883

- **Gains on behalf of clients in 2012/13 - £2,729,479**
(90% are benefit gains)
- **£7,852,106 client debt in the Vale of Glamorgan**
- **£3.33 of gains for each £1 of funding received**



Areas of enquiry

► Benefits 8,708
48%

► Debt 3,716
21%

► Housing 1,226
7%

► Employment 1,320
7%

► Benefits 7,275
41%

► Debt 4,697
26%

► Housing 1,323
7%

► Employment 1,235
7%

2012/13

2011/12



“The welfare state encourages dependency. If benefits were not as generous, people would learn to stand on their own feet”

People receiving long-term benefits are those with long-term or severe disabilities, those with physical or mental disabilities who require support as a result of the costs their conditions impose, and those whose caring responsibilities prevent them from being able to work. More than 80% of those claiming benefits for five years or more are claiming incapacity benefit, disability living allowance, or employment and support allowance. Less than 6% are claiming benefits to help them as lone parents, while only 1% are claiming unemployment benefit.

“Work is the best route out of poverty”

- ▶ The chances of moving out of poverty when someone in the family gets a new job is just over half (56%). The jobs that people in poverty get are very likely to be worse than the ones done by households who are already all working full-time. Making work a real route out of poverty means looking beyond welfare reform and work incentives and considering job quality, pay and security.
- ▶ Low wages, part-time work and the high costs of childcare all conspire to reduce incomes.

- ▶ Many low wage jobs offer no prospect of progression ('low pay, low prospects'); others are insecure, providing only sporadic and unpredictable incomes ('low pay, no pay'). As a result, they are often nothing more than poverty traps.

“Universal Credit will reduce poverty”

- ▶ Although Universal Credit considered by itself should reduce relative poverty significantly (by 450,000 children and 600,000 working-age adults), this reduction is more than offset by the poverty-increasing impact of the government's other changes to personal taxes and state benefits.
- ▶ A number of benefits and tax credits for people of working age will now be increased by only 1% for the next 3 years (until 2016).

“Benefits are mostly spent on the working-age unemployed”

- ▶ Less than 3% of the tax credit and social security budget goes on benefits for those who are unemployed.
- ▶ The group that received the largest proportion of the social security and tax credit budget in 2011–12 was pensioners (42%). Children account for 18%, most of which is paid through child benefit and child tax credit.

- ▶ 16% goes on benefits for those who are sick or disabled, e.g. Employment and Support Allowance, Incapacity Benefit, Disability Living Allowance.
- ▶ Housing Benefit accounted for over 11% of the benefits and tax credits budget. Over 5 million people were claiming Housing Benefit in 2013. Of these, over 900,000 were in employment
- ▶ More than 90% of new housing benefit claimants in the last two years were from households with at least one person in work

“Benefits are too generous”

Research in 2012 by Loughborough University for the Joseph Rowntree Foundation has shown that a single adult of working age only received 41% of what is generally regarded as an income sufficient to meet the cost of essentials – the weekly minimum income standard (MIS). A couple with two children received 60% of the weekly MIS



“Generations of families have never worked due to generous benefits”

Recent research by the Joseph Rowntree Foundation could find no families with three generations that have never worked and there are fewer than 1% of families in which two generations have never worked. The study also found that families experiencing long-term worklessness remained committed to the value of work and preferred to be in jobs rather than on benefits

“Large numbers of people are fraudulently claiming benefits”

- ▶ A recent poll by the TUC found that people believe up to 27% of the welfare budget is claimed fraudulently, however the latest DWP estimates show that in 2012/13 just 0.7% of benefit expenditure was overpaid due to fraud.
- ▶ Error accounts for almost twice as much overpayment of benefits as fraud – 1.3% of total expenditure

“More and more people are having large families just so they can claim more benefits”

- ▶ In the UK in 2011 there were just 130 families with 10 children claiming at least one out of work benefit and only 8% of claimants have three or more children.
- ▶ The available evidence suggests that, on average, unemployed people have similar numbers of children to employed people.

Shelley's story

- ▶ “I couldn't manage on the money coming in and I knew I wasn't fit to work, but I didn't know what I could get and I felt ashamed to be claiming benefits.....”

So if poverty exists and welfare reform might not be fair, what can we do?

- ▶ Counter the rhetoric
- ▶ Tell true stories
- ▶ Build confidence and self-esteem
- ▶ Enable self-help & equip community champions
- ▶ Take responsibility