

Rt Hon Philip Hammond MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

18 October 2017

Dear Chancellor

### **Welfare Benefits Freeze**

On behalf of the Poverty Alliance and the undersigned organisations we are writing to highlight the deep concern that we have regarding the continuing freeze on a range of social security benefits. We would urge you to use the Budget on 22 November to commit to ending the freeze on these benefits.

The decision to freeze the majority of working age benefits in 2015 was not, we believe, supported by robust evidence. We do not believe that the decision to freeze benefits including Child Benefit, Tax Credits, Universal Credit and Housing Benefit is justified on the basis of either efficiency or effectiveness.

We are deeply concerned that rather than creating a fairer social security system that supports people when they need it and helps them into employment, the freeze only serves to add pressure to already stretched budgets. Recent evidence from the Scottish Government suggests that the benefit freeze will remove almost £1 billion from individuals living in Scotland by 2020/21, affecting around 750,000 people. Such large scale and widespread cuts are very difficult to justify. Additional evidence from the Joseph Rowntree Foundation reinforces our view that the benefit freeze is ensuring that more people are falling below what could be seen as a reasonable minimum income<sup>1</sup>.

The impact of the benefits freeze for the people we work with includes:

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<sup>1</sup> <https://www.jrf.org.uk/report/briefing-november-2017-budget>

- Shelter has carried out analysis<sup>2</sup> that suggests that a million households could be put at risk of homelessness by 2020 because of the freeze on Local Housing Allowance rates. This number includes 211,070 households where someone claims a disability benefit.
- Employment and Support Allowance (ESA) is claimed by more disabled people than any other disability benefit. The freeze on ESA will impact on over 265,000 disabled people. Even those in the Support Group who have the most severe impairments and health conditions will have two-thirds of their entitlement whilst only one third will rise in line with inflation.
- Analysis by CPAG<sup>3</sup> shows that parents working full time on the 'national living wage' (NLW) are already significantly short of the income needed to give children an acceptable minimum living standard – as defined by the public – and will see the gap grow as inflation combines with the current freeze on benefits to put family budgets under new strain. Benefits will have risen by just 3% between 2012 and 2019 while prices are projected to have risen by 12%. The benefits freeze has meant that a 4% rise in the NLW this year has not prevented those dependent on it and on tax credits from facing a growing gap between their income and their costs.
- In the years of austerity since 2010, 86 percent of net 'savings' raised through UK Government cuts to social security and tax credits will come from women's incomes. This is due to systemic issues that see women twice as dependent on social security as men. As a result of social security reforms, women have been put at greater risk of deeper and sustained poverty. Women who are lone parents will experience an estimated loss of £4,000 per year, a 20 percent drop in living standards, and a 17 percent drop in disposable income by 2020.
- The combination of benefit rates not keeping pace with inflation and rising living costs means that benefit recipients are less resilient to income shocks. Citizens advice bureaux (CAB) in Scotland have reported significantly increased demand for advice regarding food parcels (171% increase) and Crisis Grants (47%) since 2013.
- Findings from a survey of CAB clients<sup>4</sup> showed that, when those on out of work benefits were considered separately, 40% said they worried about money 'all the time' compared to 17% of survey respondents who were not on

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<sup>2</sup>[http://england.shelter.org.uk/professional\\_resources/policy\\_and\\_research/policy\\_library/policy\\_library\\_folder/research\\_shut\\_out\\_households\\_at\\_put\\_at\\_risk\\_of\\_homelessness\\_by\\_the\\_housing\\_benefit\\_freeze](http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/research_shut_out_households_at_put_at_risk_of_homelessness_by_the_housing_benefit_freeze)

<sup>3</sup><http://www.cpag.org.uk/content/inflation-and-benefit-freeze-dragging-working-parents-further-away-being-able-meet-basic-fam>

<sup>4</sup> Living at the Sharp End: CAB Clients in Crisis – Citizens Advice Scotland, July 2016  
<http://www.cas.org.uk/publications/living-sharp-end>

out-of-work benefits. Similarly, 40% said they ran out of money 'more than once a month' compared to 11% who were not on out-of-work benefits. Those on out-of-work benefits were also 12% more likely to have applied to the Scottish Welfare Fund and 17% more likely to have been to a food bank. These figures suggest that those on out of work benefits struggle to make ends meet on a monthly basis, not just when they are faced with a one off crisis or emergency.

- Sheffield Hallam University calculates that the estimated loss of the 1% uprating policy to the Scottish economy was £230 million per year or £65 for every working age adult in Scotland<sup>5</sup>. Given the freeze, we can expect the impact to be even more severe, particularly as inflation is beginning to significantly increase.

We believe that the time is right to reverse the freeze on working age and child benefits. If the Government is serious about supporting the 'just about managing' then it is vital that this unjustified and harmful policy is brought to an end. The impact of this freeze will have a lasting impact on the wellbeing of those affected by it, particularly children in Scotland and across the UK.

We would urge to invest the resources required in this Budget to provide a better social security system for those who need it.

Yours sincerely

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The Poverty Alliance

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<sup>5</sup> The Cumulative Impact of Welfare Reform on Households in Scotland – Scottish Parliament Welfare Reform Committee, March 2015 [http://www.scottish.parliament.uk/S4\\_Welfare\\_Reform\\_Committee/Reports/wrr-15-01w.pdf](http://www.scottish.parliament.uk/S4_Welfare_Reform_Committee/Reports/wrr-15-01w.pdf)

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