

Welfare Reform and Work Bill 2015-16

Gingerbread briefing: House of Commons committee stage

About Gingerbread

1. Gingerbread is the leading charity working with single parent families. We campaign against poverty, disadvantage and stigma to promote fair and equal treatment and opportunity for single parents and their families. Over 600,000 single parents visited our website last year, many of them seeking the expert information and advice we provide online and through our Helpline.
2. Gingerbread's programmes include the Marks & Start employability and work experience programme a ten year programme with Marks & Spencer that has partnered with Jobcentre Plus and a Work Programme provider. It has been a longstanding goal of Gingerbread to ensure single parents get the help and support they need in order to gain, sustain and progress in employment.

Summary

3. The measures in the Welfare Reform and Work Bill are intended to increase employment, limit increased spending on the welfare system and ensure it pays to work. However, evidence to date shows the measures as they stand will mean single parents – including those in work – are worse off financially, and do little to tackle structural barriers to work.

Disproportionate impact on single parents

4. The bill seeks to limit welfare spending through a number of measures, including freezing benefit payments, cutting elements of tax credits and universal credit (UC) and limiting eligibility of future tax credit and UC payments. These measures disproportionately hit single parents, whose children are already twice as likely to be in relative poverty as those in couple parent families.
5. Single parents were also the worst affected household type by the previous wave of welfare reforms under the 2010-15 government. Our research shows that these changes left many single parent families – both in and out of work – struggling to make ends meet and risking further indebtedness (Rabindrakumar, 2013; Rabindrakumar, 2014). The measures in this bill are therefore likely to further exacerbate the financial situation of low income families, particularly single parent families, placing their immediate and future well-being at risk.

Failure to tackle barriers to work

6. The bill includes measures designed to increase employment, which disproportionately affect single parents. Clause 15 places further conditions on responsible carers receiving UC with very young children to prepare or seek work in a bid to increase employment; over three-quarters of those affected are expected to be single parents (DWP, 2015c). Clauses 7-8 will reduce the benefit cap, which is again expected to

particularly affect single parents – at May 2015, 64 per cent of capped households were single parent families (DWP, 2015a).

7. However, these measures ignore the evidence that:
 - Single parents are already highly motivated to work (the majority are in work (ONS, 2014) and the vast majority of those not in work wish to work, study or train (Barnes & Tomaszewski, 2010))
 - Effective employment support focuses on personalised support rather than further regulation (Newis, 2014b).
8. The measures do not address the structural employment barriers facing single parents' in the lack of suitable childcare (particularly in terms of affordability, availability and flexibility), the lack of flexible and/or part-time jobs which offer pay and progression and the lack of affordable training to move into good quality – particularly sustainable – jobs.
9. Instead, these measures will leave single parents paying a financial penalty for the barriers they face to finding employment – through the benefit cap and potentially through sanctions due to conditionality requirements they cannot fulfil.

Working families will be worse off

10. Further, the measures to introduce fairness for working families and make work pay (eg the higher national wage for over-25s) will not make up the losses from the welfare cuts proposed (including measures outside the scope of the bill – the cuts to the tax credit income threshold and UC work allowance, and increase in tax credit taper rate – which also severely damage the financial gains from work). Indeed, single parents gain the least from these measures. Resolution Foundation found that, on average, they will keep just 25 per cent of the gross gains received from the higher over-25s minimum wage after accounting for wider cuts to state support in the Bill and regulations, compared with 49 per cent for couple parents and 65 per cent for couples without children (D'Arcy, et al., 2015).

This briefing

11. This briefing focuses on the following aspects of the Welfare Reform and Work Bill:
 - [Redefining child poverty](#)
 - [Reducing the benefit cap](#)
 - [Increasing conditionality](#).

Redefining child poverty (clauses 4-6)

12. **Current proposals ignore the persistent problem of in-work poverty and, in removing income from any 'life chances' measures, ignore the fundamental foundation of poverty and a critical factor influencing children's outcomes. Gingerbread seeks:**
 - **The inclusion of in-work poverty in the set of new 'life chances' measures**
 - **The retention of income-based poverty targets and poverty in the remit of the Social Mobility and Poverty Commission.**

13. Clause 4: We strongly advocate for the retention of income-based poverty (or 'life chances') measures, as outlined in paragraph 16. Nevertheless, if the government wishes to expand poverty targets to include national measures of disadvantage, it is a glaring omission to exclude any measure of in-work poverty. National data on poverty rates for working families shows that working poverty has remained a persistent problem in the UK.
14. In-work poverty is particularly important to measure for single parents. Over a quarter (26 per cent) of children in working single parent families lived in poverty in 2013/14. Over two-thirds (68 per cent) of single parents enter the three lowest paid occupations, which tend to be the least secure and offer limited opportunities for progression (Newis, 2012). Research also shows single parents are more likely to get stuck in low pay than other workers (D'Arcy & Hurrell, 2014) and at higher risk of low pay in self-employment (Rabindrakumar, 2014). Excluding a measure of in-work poverty therefore ignores a critical factor behind single parent poverty and disadvantage, and the specific interventions which might help alleviate these trends.
15. Clauses 5-6: Research shows that money matters to children's outcomes (Cooper & Stewart, 2013). Removing poverty from the remit of the Social Mobility and Poverty Commission and income-based targets from the Child Poverty Act is therefore misguided and moves focus away from what makes a difference to children's life chances. As the Resolution Foundation points out, while income may not capture the full experience or factors which correlate with poverty or disadvantage, "removing *any* focus on incomes makes very little sense" (Finch, 2015).
16. Furthermore, the existing poverty targets have a strong democratic mandate, having received cross-party consensus when enacted and overwhelming support in the coalition government's recent consultation. We – alongside the End Child Poverty group – call for these measures to be retained in their current format.

Reducing the benefit cap (clauses 7-8)

17. **Proposals continue to fail to recognise the difficulties of balancing work and care for single parents/carers with young children, as recognised by exemptions from job-seeking requirements under income support (IS) and UC for those with children under five. They also enable the Secretary of State for Work and Pensions to review the benefit cap without independent scrutiny. Gingerbread seeks:**
 - **An exemption from the benefit cap for responsible carers not subject to full work-related requirements under out-of-work benefits**
 - **A requirement for the Secretary of State, when reviewing the benefit cap level, to take account of Children's Commissioners' reports on the benefit cap's impact on children's well-being.**

Failing to recognise barriers to work for carers of young children

18. Existing job-seeking requirements under IS and under UC include exemptions for single parents (and couple parents under UC) with children under five (with different rules for those with children under two years, and those with children aged three and four), in

recognition of their caring responsibilities and the difficulties of managing work with care while children are young.

19. The main ways to escape the benefit cap are to move home or to move into work of at least 16 hours. There is no recognition of the above job-seeking exemptions for those with young children in the proposed legislation. Converse to the wider benefits system, the benefit cap places unrealistic pressure on parents – particularly single parents – of very young children to move into work.
20. The failure to recognise the barriers to work for those with young children affects a significant proportion – if not the majority – of those affected by the benefit cap. Under the current benefit cap, at May 2015, 73 per cent of capped households had a youngest child under five (76 per cent of capped single parent households); 34 per cent had a youngest child aged under two or younger (34 per cent of capped single parent households (DWP, 2015a)). The impact assessment for lowering the benefit cap estimates “the majority of households affected by the policy to have children” (DWP, 2015b). Single parents are particularly affected; 56 per cent of capped households to date have been single parents (DWP, 2015a); the impact assessment for the new reform expects 59 per cent to be female single parents (DWP, 2015b).
21. As the government’s own evaluation shows, few households have been able to move into cheaper accommodation to escape the benefit cap (DWP, 2014a). The lowering of the benefit cap will make it even harder for families to move to cheaper accommodation to escape the benefit cap; as Shelter’s analysis has shown, single parent households will be unable to avoid being capped in many more local areas than before (Butler & Arnett, 2015). With even less cheaper accommodation available to avoid the cap, single parents with young children will have little option but to try to move into work.
22. However, single parents face significant structural barriers to employment which, in many cases, impedes the likelihood of finding work. As both main carers and main earners, single parents are particularly reliant on childcare to work. Without sufficient affordable and appropriate childcare it is very difficult for single parents with pre-school children to move into work and sustain employment. This is reflected in the DWP evaluation of the cap: “single parents who had found work were more likely than the still capped group to have children aged four or over, at school or nursery” (DWP, 2014b). 43 per cent of capped single parents cited the cost and availability of childcare as barriers to moving into work in the DWP’s evaluation (DWP, 2014b).
23. There is no free entitlement for childcare when a child is under two. The provision of childcare for disadvantaged two year olds is for 15 hours in term-time, which would not match the requirements of someone moving into a job of 16 hours a week throughout the year to escape the benefit cap (or the travel time to drop-off and pick up children from childcare settings). The Family and Childcare Trust has also found significant gaps in provision for young children in 136 local authorities (LAs) surveyed in England and Wales; 49 LAs had insufficient places for those who qualify for the disadvantaged two year olds offer and 32 LAs had insufficient places for three and four year olds qualifying for free childcare (Butler & Rutter, 2015).
24. As well as the practical difficulties of finding childcare, single parents face the barrier of trying to secure work of at least 16 hours to open a working tax credit (WTC) claim (or the equivalent income on the minimum wage under universal credit) that allows them to also have time with their young children. Parents entering work do not have the right to

request flexible working until they have been in a job for six months, and therefore rely on advertised vacancies for flexible jobs. There is clear a lack of part-time vacancies – a snapshot of advertised vacancies on Universal Jobmatch (the mandatory job search engine for JSA claimants) showed over 90 per cent of jobs were listed as full-time in major cities such as London, Bristol and Manchester.¹ Of those that are advertised as part-time, some will not be suitable for single parents' caring responsibilities (eg evenings and weekends).

25. Many single parents seeking to enter the labour market also lack access to good quality and appropriate training (see paragraph 34 for more information). Yet the government's impact assessment for the lowering of the benefit cap assumes that those affected by the cap will have access to effective support: "There is a wide range of help and employment support currently offered and available by Jobcentre Plus" (DWP, 2015b). However, capped single parents will not have automatic access to tailored employment support or the Flexible Support Fund, because they are not required to look for work. Further, the employment support currently offered too often fails single parents' needs (see paragraph 34).
26. Cutting the benefit entitlement further will not help to address these structural barriers to work faced by single parents. The IFS found that "the large majority of affected claimants responded neither by moving into work nor by moving house" (Emmerson & Joyce, 2014). Instead, the lower benefit cap risks pushing many children in single parent households into deeper poverty, without better employment support or appropriate job opportunities to allow single parents to balance work and childcare. Discretionary housing payments offer only temporary relief to families, and are not designed for the longer term support needed by single parents with young children.
27. Gingerbread therefore seeks to extent the protections that exist for single parents on out of work benefits to those affected by the benefit cap.

Lack of monitoring of the full impact of the cap

28. In a 2014 judicial review, three out of the five Supreme Court judges found that the benefit did not comply with the UN convention of the rights of the child (UNCRC) (Supreme Court, 2015). The impact assessment on the proposals in the bill shows limited consideration of the UNCRC (DWP, 2015b). There is little government evidence on the impact the benefit cap on children; there is also a lack of evidence of the quality or sustainability of the work that single parents are moving into as a result of the benefit cap (see more below on the risk of low pay and poor job outcomes), and the resulting impact on children.
29. The benefit cap is likely to have a significant impact on children in low income families. The government's impact assessment shows the lowered cap will affect 224,000 children in 2016/17 and 333,000 children in 2017/18 (DWP, 2015b). Gingerbread therefore seeks an independent assessment of the impact of any future benefit cap on children's well-being, to ensure the government's compliance with children's rights obligations in the implementation and review of the cap. Children's Commissioner's strengthened role to conduct children's rights assessments makes them well-placed to conduct these annual reviews.

¹ Snapshot taken on 13 August 2015.

Increasing conditionality under UC (clause 15)

30. Proposals to impose full work-related requirements for single parents whose youngest children are aged three and four fail to address the structural barriers to work faced and risk further unfair sanctions affecting the well-being of single parents' families. Gingerbread seeks:

- **The retention of existing work-related requirements for parents with children under five**
- **Any extension of work-related requirements to be delayed until the extension of free childcare for three and four year olds (to 30 hours) is embedded**
- **Guidance to be included in regulations on the support provided for single parents/carers on UC to move into work and the quality of childcare needed for single parent/carers on UC to be able to take up work.**

31. Over the last six years, single parents have faced increasing conditionality. In 2009 single parents whose youngest child was aged 12 and over were moved on to JSA; in 2012, single parents were required to seek work when their youngest child turned five. This bill marks a step-change in the introduction of conditionality, as single parents with pre-school children will be subject to all work-related requirements for the first time.

32. Further conditionality will only serve to entrench the 'work-first' approach, where single parents are pushed into any job without consideration of job quality or investing in effective support towards long-term employment. This is particularly concerning for families with very young children; being compelled to enter insecure or low-paid work with little prospect of progression will not offer the financial stability required in these critical years. The carer-child relationship and the home learning environment is particularly important in the early years (see, for example, Goodman & Gregg, 2010), and parents are best placed to decide the right balance of work and care for pre-school children. Instead of being pressurised to work, single parents should be supported to make decisions in the best interest of their children.

33. The extension of conditionality to those with younger children will also leave these carers at risk of sanctions regarding the fulfilment work-related requirements. This is a particular concern for single parents, who already find themselves at disproportionate risk of facing an overturned sanction decision under current conditionality rules for JSA claimants (Newis, 2014b). Extending conditionality without further action on inconsistent JCP advice will risk further unfair sanctions, affecting even younger children.

34. Moreover, the move to extend conditionality ignores the fact that single parents are highly motivated to work – nearly two-thirds of single parents are in work (ONS, 2014) and the majority of those that don't work want to work, train or study (Barnes & Tomaszewski, 2010) – but face structural barriers to employment. Single parents are particularly affected by a lack of unsuitable childcare; as the main carer and earner for their children, they do not have the option of 'shift parenting' that couple parents have. 31 per cent of single mothers would work more hours with appropriate childcare, compared with 20 per cent of couple mothers (Huskinson, et al., 2014). However, single parents looking to enter the workforce often struggle with childcare costs, particularly for those with very young children – the cost of a part-time nursery place for a child under two has increased by 33 per cent since 2010 (Rutter, 2015). And, as outlined in

paragraph 19, there is a lack of childcare for young children in many areas – particularly sufficiently flexible childcare that is available around typical working hours.

35. As noted in paragraph 26, many single parents seeking to enter the labour market also lack access to good quality and appropriate training. This is reflected by the low-skilled level of entry for single parents' jobs; over two-thirds (68 per cent) of single parents enter the three lowest paid occupation groups (Newis, 2012). Single parents are also more likely to be in, and get stuck in, low-paid work than other workers (D'Arcy & Hurrell, 2014). Yet, training opportunities and support for level 3 qualifications have been cut, limiting the extent to which it is possible for single parents to enhance their skills in work and increase their chances of progressing in their work (Newis, 2014a). In addition, employment support has, with the loss of single parent advisers in many Jobcentre Plus (JCP) areas and increased focus on sanctions, moved towards a 'work-first' approach, where single parents are pushed into any job without consideration of job quality. This lack of investment to secure sustainable employment leaves many single parents facing a 'low pay-no pay' cycle; over a fifth (22 per cent) of single parents who start a job leave employment within 12 months (Newis, 2012).
36. As outlined in paragraph 20, a lack of flexible and/or part-time work – which allows single parents to manage work and caring responsibilities more easily – also creates barriers to finding work.

Summary of recommendations

37. To address the issues outlined above, Gingerbread calls on the committee to include amendments to the following effect:
- Clause 4: Include an in-work poverty measure within additional 'life chances' measures
 - Clause 5: Retain 'child poverty' within the remit of the Social Mobility and Child Poverty Commission
 - Clause 6: Retain child poverty targets under the Child Poverty Act
 - Clause 7: Ensure responsible carers who are exempt from full work-related requirements on out-of-work benefits are exempted from the benefit cap
 - Clause 8: Ensure the Children's Commissioners undertakes an annual report on the impact of the benefit cap on the well-being of children
 - Clause 15:
 - Ensure current work-related requirements are maintained for carers of children aged three and four
 - If conditionality for the parents of children aged three and four years is increased, ensure this is delayed until the extension of free provision for these children to 30 hours has been fully rolled out for six months (ie until September 2017)
 - Ensure regulations stipulate that any parents/carers with children under five years old should only be subject to work-related requirements when 'affordable and appropriate' childcare is in place

- Include JCP guidance in regulations setting out how it should support single parent claimants in meeting any work-related requirements.

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