

In the 3 years since the implementation of the Welfare Reform & Work Act (2016), what impact has it had on levels of the poverty, inequality and health experienced by children and disabled people in the UK?

1 Introduction

1.1 Toynbee Hall has worked on the frontline in the struggle against poverty for over 130 years. Based in the East End of London, we give some of the UK's most deprived communities a voice, providing access to free advice and support and working together to tackle social injustice. Toynbee Hall's advice services help over 13,000 people a year.

1.2 We are the lead contract agency for Capitalise, the Money Advice Service funded face to face debt advice provision for London. Toynbee Hall also works with Macmillan Cancer Support to provide a free benefits advice service to people affected by cancer living in East London.

1.3 Through our Financial Health Exchange, we manage a cross-sectoral network of over 500 individuals and organisations with the aim of achieving a financially fair and healthy society. Our network includes representatives from the housing, advice and local government sectors from across the whole of the UK.

1.4 The Community Money Mentors referred to in this submission are people who have participated in Toynbee Hall's money management learning programme and have first-hand experience of claiming social security benefits. The programme provides people across London with the financial skills and knowledge to improve their financial health, who then go on to train as mentors so they can pass their newfound knowledge onto others in their communities.

1.5 Our response draws on the expertise of our frontline welfare and debt advisors, but also aims to provide a platform for people within our networks to share how they have been affected by the Act with decision makers. We found that the major health impacts on children and disabled people could be attributed to cuts to income, which caused food, fuel and housing insecurity but also a debilitating amount of stress and worry. We also point to ineffectiveness in the Work Capability Assessments and sanctions as two other aspects of the welfare system that have interacted with these cuts to the detriment of claimants' health.

2. The 'freeze' in the value of certain benefits for 4 years

2.1 The benefits freeze has left claimants living on what one of our Community Money Mentors has described as '*a crushingly low*' income. At Toynbee Hall, advisors routinely encounter families who are claiming working age benefits and are struggling to pay for essentials such as food, heating, and transport for themselves and their children. These families are vulnerable to financial crises that can lead to debt and destitution.

2.2 Families who are reliant on the 'frozen' benefits have to pay for increasingly costly goods and services on an income that has not risen in line with inflation. They will struggle to put money aside for savings as they negotiate inflexible budgets. Without a financial safety net, families are more likely to face 'financial tipping points' caused by unexpected and unavoidable expenditure such as breakdown of major items such as vehicles, relationship breakdowns, or administrative errors and delays with the DWP's systems.

Case Study: Sarah is a single mum living with her 13 year old son and three year old daughter after her relationship broke down. She is in receipt of income support, child benefit, and tax credits. She came to the advice drop-in due to a fine from Transport for London. In July 2018 she boarded a bus without

properly touching in using her Discount Oyster Card. The inspector used Sarah's card to touch in and said it was not working. Sarah recalls giving her address to the inspector who said it was incorrect and subsequently confiscated her Oyster Card. In September 2018, Sarah received a letter from TFL fining her £476 for not paying the fare. She did not appeal during the specified time frame. As a result, she received a letter from DWP advising that £31.99 would be automatically deducted every fortnight until the fine was paid off in May. She is already having money deducted from budgeting loan (£33 per week), leaving her with £38.50 per week for her and her child to live on.

While Sarah could have appealed the fine in time to avoid the debt, in reality the multiple demands and stresses of raising children on a low income and without a partner make it more difficult to resolve such issues. The result is that Sarah has even less money to budget for the needs of her children and even more worry. Both debts are directly deducted from her Income Support payments, giving Sarah no control over when and how to pay the debt.

2.3 The effect of such financial crises on the health of children is manifold. The most tangible impacts on health can be seen through the distress caused when the family home is at risk, bailiff visits due to debt, or where families need to access food banks.

Case Study: Hannah and her partner had been living together in a one bedroom property for three years, with their children aged 8 months and 2 years. Their relationship broke down, and her partner left the property. Hannah's partner was the named tenant on the property and had rent and council tax arrears. She received a letter from the housing association threatening to evict her ex-partner. She spoke to the housing association who had said she would need to leave the property with her children. She came to Toynbee Hall to seek advice about whether the tenancy could be transferred to her.

Hannah's case illustrates the instability of the home situations many families face when living on low incomes. Hannah is working, and in receipt of child benefit and child tax credits. However, she did not have the savings or income to secure a property suitable to the needs of herself and her two young children. The family were already living in a one bedroom flat in order to cope with their low income. In such situations it is unsurprising that relationships break down, leaving children living in a context of instability and stress.

2.4 In order to avoid financial crises where priority bills cannot be paid, families will attempt to borrow money. In 2018, Toynbee Hall and Coventry University conducted research into the lived experience of declined payday loan applicants. The research found that in Tower Hamlets, most people turned to friends and family, which kept people away from the risk of debt recovery or legal sanction, but at great cost to family relationships. One interviewee told us: *"My mum actually took out a bank loan for me to pay off payday loans... The whole family I think were affected by it."*¹ In March 2019, we sent a survey to members of our network to assess if and how claiming benefits had an impact on their health. Almost all respondents pointed to a reliance on friends and family for basic provisions such as groceries. This demonstrates that, for many people in receipt of the reduced benefits, income levels have fallen too far to meet their basic needs.

2.5 Food is often the most elastic item of expenditure for many people, since their housing cost is fixed, so they reduce their consumption or rely on food banks or family for food. According to a rapid review by researchers at the University of Aberdeen in 2018, food-insecure children were more likely to report poorer health status and poorer health indicators (and higher occurrence of issues such as

¹ 'Payday Denied: Exploring the lived experience of declined payday loan applicants', Dr Lindsey Appleyard, Carl Packman, Jordon Lazell, <http://www.toynbeehall.org.uk/wp-content/uploads/2018/11/Payday-Denied-Report.pdf>

asthma and dental caries) than food-secure children. The researchers also reported an association between food insecurity and children's mental health disorders.²

2.6 Exacerbating the financial effects of the benefits freeze is the poverty premium. The poverty premium refers to the extra costs that those who are on lower incomes or unemployed pay for goods and services. For example, they are less likely to live within walking distance of large supermarkets where produce is cheaper than local stores, meaning the quality and amount of food they can purchase is limited. Similarly, people on low incomes cannot take advantage of 'multi buys' deals for items such as nappies, putting an extra strain on already tight budgets. People living on low incomes also miss out on discounts received by using direct debit to pay for utilities because they cannot guarantee they will have enough money in their account, or because they live in accommodation fitted with pre-payment meters. As they pay more for energy, they may be forced to turn off the heating or to avoid cooking. Where children are cold or missing out on cooked meals, this can damage their physical and mental health. Researchers from Toynbee Hall carried out a study of our advice clients which found that they paid an average of £324 more per year through the poverty premium, further lowering their ability to afford essentials such as food, warm clothing and utilities which are vital to health.³

3. Limiting support (from child tax credit or the child element of Universal Credit) to 2 children

3.1 The two child limit imposed on child tax credits and the child element of Universal Credit is intended to discourage families in receipt of social security from having further children. Organisations such as Child Poverty Action Group have demonstrated that the limit 'unlawfully discriminates against a number of different groups including, but not limited to, children, children with multiple siblings, large families and those with a religious or moral objection to the use of birth control'⁴. In our experience at Toynbee Hall, the two child limit has a significant impact on family budgeting for those affected, and for many clients is one of an accumulation of cuts to income that exacerbate other complex difficulties at home such as health and relationship problems. Emma, one of our Community Money Mentors, responded to our March 2019 survey on health. She describes herself as having a mental illness and disability and is finding it difficult to pay bills having been denied Employment and Support Allowance. She says she would *'have had to go [to the] food bank if it weren't for family helping with my groceries. [I] can't afford to pay bills so end up getting charged fines. I can't manage my health. It's gone worse [...] with all the stress and worries'*. Emma is affected by the two child limit on Child Tax Credits and says that she *'had a third baby so can't afford food'* and is finding it difficult to cope with breastfeeding her youngest child. She says her *'health is so bad I regularly suffer anxiety attacks, stress [and] mood swings.'*

4. Removing the work-related activity support component in Employment and Support Allowance

4.1 Advisors at our Macmillan Cancer Support service have observed that the removal of the Work Related Activity Support Component in Employment and Support Allowance has had a significant effect on people living with long term health conditions. The reduction in this group's income amounts to £29.05 a week and brings the rate of payment in line with Jobseeker's Allowance. Our advisors have pointed out that people with health conditions are not only likely to spend a longer period claiming ESA than those on Jobseekers Allowance or Job-seeking only element of Universal Credit, but will also

² 'Child food insecurity in the UK: a rapid review', Magaly Aceves-Martins, Moira Cruickshank, Cynthia Fraser and Miriam Brazzelli, Health Services Research Unit, University of Aberdeen, Aberdeen, UK

³ Lin, Xia et al (2016), An extra 7 years before I'm debt free: The effect of the poverty premium on debt advice service users, <http://financialhealthexchange.org.uk/wp-content/uploads/2017/01/Poverty-Premium-Research-Report.pdf>

⁴ 'Two Child Limit Challenge', <http://www.cpag.org.uk/content/two-child-limit-challenge>

often need a higher income to meet their needs for extra heating, water, transport, special dietary requirements and other costs related to their conditions.

4.2 Clients on ESA and PIP have described to us how the rate of income they receive has left them unable to buy healthy food, to exercise, access transport and socialise. Claire, one of our Community Money Mentors who is in receipt of Employment and Support Allowance (in the WRAG group) described how her health would be improved if she had a higher income:

“I could get out and about more and have a better quality of life, which would tackle isolation for one thing, isolation being as bad for health as smoking 15 ciggies a day. It would also enable me to have peace of mind about money, i.e. reducing stress and insomnia. This in turn would reduce the tax burden on the NHS or other charities which have to pick up the flack when people start to crack. If I had a higher income, I could have something to look forward to occasionally and be able to enjoy life a bit more. Getting out and experiencing culture/arts etc is good for people's health, but only if you can afford to get there and pay the entry fees. I could also afford to pay for things that might improve my health or make things easier to manage - like aids and equipment that are currently beyond my means. Eg - stair lift or mobility scooter - I have used a mobility scooter once and it gave me a long-forgotten sense of freedom to be able to travel more than a few metres and without pain!”

As discussed in 4.1, claimants with long term conditions are likely to be reliant on ESA for longer than those on Jobseekers Allowance or Universal Credit who are currently fit for work. Cuts to their income will limit their opportunities to maintain their wellbeing through learning, volunteering, exercising and socialising.

5. The impact of the Act directly and indirectly on other legislation, services or access to these services, and vice versa, e.g., earlier welfare reforms (Universal Credit, sanctions, Personal Independence Payments, Work Capability and other assessments), taxation, housing, education, courts and probation services, NHS

5.1 The Act compounds the health difficulties that children and disabled people are experiencing as a result of other welfare reforms such as sanctions and failures in the Work Capability Assessments.

5.2 The failure of Work Capability Assessments to accurately assess claimants is a recurring hardship for people living with health conditions and disability. It can take more than a year to appeal an assessment through the courts and this is often a time of distress and extreme financial hardship. We have attached a case study of one such case from our Macmillan Advice Service that typifies the process clients go through to claim PIP.

5.3 Advisors at Toynbee Hall have reported cases of disabled or ill clients feeling forced to return to work for fear of being sanctioned. Advisors routinely see clients who are waiting for a Work Capability Assessment being put under pressure to search for work by their work coaches. Our research team interviewed Abdul, who shared his experience of feeling he had to look for work for fear of being sanctioned:

“I was working for thirty years and got sick. I had a note from my doctor saying I couldn't work, but my work coach put pressure on me to find work even though I was waiting to have a Work Capability Assessment. He said to me if you don't look for work, you will be sanctioned. He also told me to go to two/three colleges. I had to travel to the colleges, or he said I would be sanctioned. I just found a cleaning job that I can do twenty-four hours per week. But I have to be very careful. I have pain in my knee, it's uncomfortable when I walk upstairs. I am still waiting for a decision. I have a son under sixteen

to support. I have to go to doctor's appointments, hospital appointments, work and see my job coach - and I always go to see my job coach when he asks."

Abdul described feeling too unwell to work, but being so scared of being sanctioned that he took a job anyway to avoid losing income. In such cases, claimants feel forced to take up employment even though they are not fit to work, and this is likely to worsen their health conditions.

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