

enough

Our responsibility to meet families' needs

A report by
Church Action on Poverty
the Church of Scotland
the Baptist Union of Great Britain
the Methodist Church
the Scottish Episcopal Church
the United Reformed Church
Quakers in Britain





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Visit www.jointpublicissues.org.uk/enough to find out how you can support changes to the Welfare Reform and Work Bill to ensure that families receive #enough.

Quotes courtesy of The Poverty Truth Commission and The Trussell Trust

Summary

The Welfare Reform and Work Bill will make poor people poorer. This will happen through a large reduction in benefits. The government has not assessed how families will be able to cope on incomes that are greatly reduced. The hardship caused is likely to be substantial.

For many families the Bill will break the link between their needs and the levels of support available to them. Those with high levels of needs will be subjected to a maximum limit on the money they receive. This limit will be set arbitrarily and will not reflect their needs. Those caring for more than two children will in future receive no extra support from the tax credit system.

The aim of the Bill is to change people's behaviour by reducing their income, but there is little evidence it will have the intended effect. Instead it is predicted to cause substantial hardship among low income families. The majority of those affected will be children. The best estimate is that 600,000 children will be moved into poverty – even accounting for other measures announced at the same time, such as an increased Minimum Wage.

No child should be left without enough to live on in order to motivate their parents. If children live in a family which doesn't have enough money they are more likely to die young, do worse at school, and experience worse health.

As Christians we believe all are made in God's image and should have the opportunity to realise the potential God has placed within them. We are asking that the welfare state holds to its founding principles, and seeks to provide enough for a basic standard of living, so that every family and every child can survive and thrive.

Why we are calling for enough

“Poverty is not being able to do things that are necessities. Things that are important like gas and electric, showers, bus fares, and having to worry that your daughter has a hole in her shoes. She needs new shoes and I don't have the money. What do I do? Do I get gas or do I get shoes?”

Source: *Poverty in Scotland 2015*, a Scottish Government and Poverty Truth Commission publication

Children raised in families without enough money face many disadvantages. They are more likely to die as infants, do worse at school, experience more disease and illness, and go on to die younger. Children in families without enough money are hindered from reaching their God-given potential. That is a tragedy and one that can be prevented.

Factors such as natural ability and parenting clearly have immense impact on the life chances of all children rich and poor. It is, however, important to recognise that *a lack of money is a key factor holding back children from low-income families* – this is the experience of churches in deprived communities and it is confirmed by an overwhelming body of evidence¹.

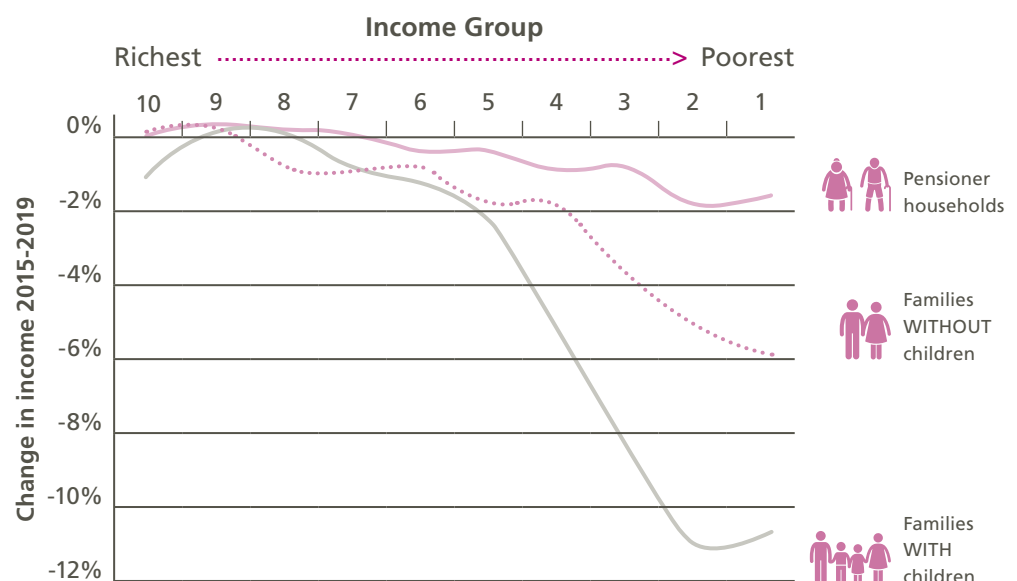
Families without enough are unable to make the choices the rest of society takes for granted. They are less able to invest in their own or their children's future – as their resources are taken up meeting the family's immediate needs. They face pressures worrying about the next day or the next meal. This pressure prevents families flourishing – and we know that ensuring families have enough income reverses this. The evidence is utterly clear: having enough matters.

We are asking the government to ensure the principle of providing enough to meet people's basic needs remains at the heart of the benefit system. We ask this now because the long-standing principle that the benefit system seeks to provide enough is severely undermined by the Welfare Reform and Work Bill currently being deliberated by Parliament.

Families with children lose most from tax & benefit changes (2015-2019)

An estimate of the changes to family incomes due to tax and benefit reforms over the period 2015 – 2019. Assumes budget 2015 Tax Credit changes and Welfare Reform and Work Bill are implemented and all families claim all the benefits they are entitled to.

Source: IFS³⁴



Enough: a principle rooted in our faith

The Christian tradition contains powerful witness that economic disadvantage should not stand in the way of all people being enabled to reach their God-given potential. The Old Testament prophets spoke out for those who were at a disadvantage: the poor; the widow; the orphan; the alien. Many of the laws of the Old Testament were designed to protect the disadvantaged against poverty, for example giving them the provision to collect gleanings or even the collection of taxes in order to provide benefits:

“Every third year you shall bring out the full tithe of your produce for that year, and store it within your towns; the Levites, because they have no allotment or inheritance with you, as well as the resident aliens, the orphans, and the widows in your towns, may come and eat their fill so that the Lord your God may bless you in all the work that you undertake.”

Deuteronomy 14:28-29 (NRSV)

The Bible is clear that, where there is plenty to go around, there should be no one left in need:

*“If there is among you anyone in need, a member of your community in any of your towns within the land that the Lord your God is giving you, do not be hard-hearted or tight-fisted towards your needy neighbour. You should rather open your hand, willingly lending **enough to meet the need**, whatever it may be...”*

Deuteronomy 15:7-8 (NRSV)

Jesus recognised the precarious existence of the landless casual labourers and, in the parable of the workers in the vineyard (Matthew 20:1-16), demonstrates that a better world is one where people are paid according to their need, rather than whether they have had the luck of finding a full-time job for the day.

Some have argued that many of those helped by the benefits system do not deserve support. The Churches have rejected this argument and have tried to counter the divisive rhetoric of ‘them and us’ or ‘scrounger and striver’².

As Christian communities, we are called not only to pray “your kingdom come”, but to do all in our power to make God’s kingdom a reality here and now. We are all made in God’s image, each precious in the eyes of God. We do not believe that we should ever deliberately deprive a person, a family, a child of enough to survive, to thrive or to fulfil their God-given potential.

“You should rather open your hand, willingly lending enough to meet the need, whatever it may be.”

Deuteronomy 15:8 (NRSV)



Choosing not to provide enough

From its very beginning the central purpose of the benefit system was to provide families with sufficient income to meet their basic needs³. While the levels of support have been set low and haphazardly, this key principle of linking incomes with a family's needs has remained core to the purpose of the benefit system.⁴

The Welfare Reform and Work Bill will undermine that principle. Families' needs are recognised but then deliberately discounted, potentially leaving large numbers of families without enough. The majority of those affected by these policies will be children.

The Bill also contains large across the board cuts to benefits. These will on average reduce the income of the poorest families, even *after* the planned increases to the Minimum Wage. Those most affected will be families with children, especially single parents. Many families are already struggling. Large cuts are being made but there has been no attempt by the government to understand how families will cope on the reduced incomes.

The Bill undermines the principle of enough in two main ways:

1. The 'two child rule' for Tax Credits⁵

Only the first two children in any family will qualify for Tax Credits. This means the same amount will be available to a family with two children as to a family with three, four, five or more children. These additional children also need to be fed, clothed, housed and properly cared for. This costs money. The two child rule means that the tax credit system is deliberately choosing to ignore the needs of these children.

2. The lowering of the household Benefit Cap

Households will receive maximum combined benefits payments of £1,667 per month (or £1,917 in London)⁶. It is estimated that 126,000 households containing 333,000 children, will receive less than the government's assessment of their needs. High housing costs mean that only small amounts of this income will remain after paying rent. These families will lose on average £3,275 per year⁷.

While the previous Benefit Cap was related to average earnings, the new figure is not linked to any external threshold or evidence. The only factor the Secretary of State will be obliged to take into account when setting the cap in future is the state of the economy⁸. There is no assessment of family need or of hardship. This makes the cap responsive to the whim of public opinion or political pressures. It is, however, entirely blind to the realities of life surviving with very little money left over after paying the rent.

“Everything is money. Everything. And everything is going up apart from what you've got in your pocket.”

Source: The Poverty Truth Commission



Motivating parents by denying children enough

“I get a clothing grant for my son that is £47. The blazer alone costs £44, the tie £5, the polo shirt for PE £12 – that’s before I buy the normal uniform, bag and shoes. One year he was sent home from school with a punishment exercise because the black trainers I had bought him had a bit of blue on them. He kept getting into trouble through the trainers as I didn’t have enough money for a couple of weeks to buy him another pair. I told the teachers I thought it was a joke that shoes mattered more than my son’s education.”

Source: The Poverty Truth Commission

The principle of providing enough has been deliberately undermined because the government wishes to use financial pressure to alter the behaviour of low-income families. Morally this should be deeply concerning. But the government has failed to present any evidence that these financial pressures will actually achieve this aim of changing behaviour. Even more worryingly there appears to be no recognition that pressurising families in this way is likely to cause hardship – especially to children who are innocent bystanders in this process.

The Benefit Cap has failed 95% of the time

The assertion that cutting benefits will cause many to find work is popular. It is based on an underlying belief that families have made a lifestyle choice not to work and are happy living on comfortable benefits. The reality, backed by substantial evidence⁹, is that most people want to get into work because life without work is hard and relentless, but that they have many difficulties to overcome to get sustainable work.

It is therefore not surprising that even very large benefit cuts, causing a great deal of hardship, produce very small changes in behaviour, as shown when a Benefit Cap was first introduced in 2013. Each month the cap is applied to around 25,000 families, containing 35,000 adults and 100,000 children¹⁰. Each family loses on average £3,500 per year, with some losing substantially more. Prior to the cap around 1 in 10 of these families moved into work each year.

The intention behind the Benefit Cap was to increase this rate. However, even using the government’s most optimistic figures¹¹, the large reduction in benefit has led to less than an additional 5% of families moving into work. Therefore of the families affected, 95% did not respond in the way intended – however, many did face great hardship including homelessness¹².

This is not surprising as 85% of the families affected by the cap were assessed by the Department of Work and Pensions as not being expected to work due to sickness, disability or caring responsibilities¹³. Cutting benefits does not enable families to do the impossible, nor does it address the underlying reasons why the family can’t find suitable work.

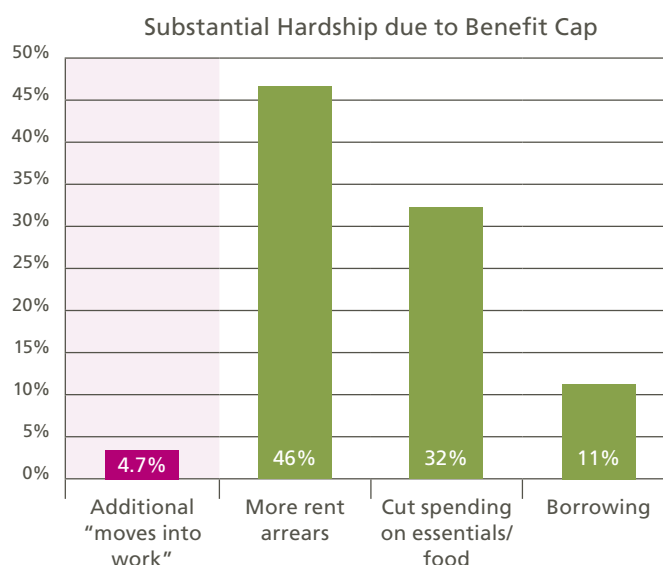
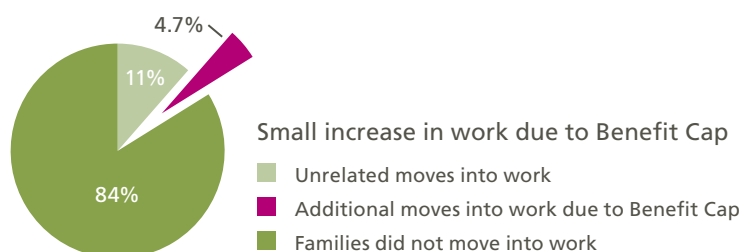
Benefit Cap: a great deal of hardship for little reward

These are the government's estimate of the scale of employment effects of the Benefit Cap. It compares similar families above and below the level of the Benefit Cap and adjusts for other factors.

Entry into work is measured by new claims of in-work benefits. This may mean the family has a new job, is working more hours or has claimed an in-work benefit and not changed their work patterns.

The bar chart compares the estimated additional rate of job entry with rates of hardship as reported in a survey by the DWP. The different methodologies make detailed comparisons unwise; however, this strongly indicates the discrepancy in scale between "positive outcomes" and hardship caused.

Source: DWP ^{11 & 35}



Two child rule: cutting benefits to children doesn't reduce child poverty

Limiting benefits to two children is intended to change the behaviour of low income families by encouraging them to have fewer children. The government admits it has no evidence that cutting benefits will reduce the birth rate¹⁴ and indeed its own research indicated the effects were so small it was impossible to tell one way or another¹⁵. Moreover once the financial incentive is applied it is already too late for the family to change their behaviour as the child is already born. The policy moves from being a financial 'incentive' to being a long term financial penalty.

It is estimated that the two child rule will save around £1.5 billion per year by 2020. A "small" part of this saving will be due to poorer families being discouraged from having children. But the vast majority of the saving will come from reducing the money paid to families who have three or more children to care for.¹⁶

Parents may have chosen to have three or four children at a time in their lives when their circumstances and prospects looked secure. For many such people life events such as job loss,

illness, bereavement or divorce will mean they later need financial help. Only the truly wealthy can confidently have more than two children in the certain knowledge they will never need support in any of these circumstances.

It is clear that there will be large numbers of children living in families which have not responded, for whatever reason, to the financial pressures to limit their family size or move into work. These children like all others will require food, warmth and shelter in a secure, stable home. We know that a basic income is required to maintain this. However, they will be living in families, perhaps for their entire childhood, where their family income will be below what they need.

How can it be right that children will be impoverished because their parents were unwilling – or more likely – unable to behave as the government wished them to? Impoverishing children in order to incentivise their parents is simply not acceptable. No child should be left without enough to live on in order to motivate their parents.

“I don’t have enough money to get by and often only eat toast two days a week to try and make it stretch.”

Source: The Poverty Truth Commission



Children’s life chances diminish without enough

Children in families without enough money do less well because their families have less money. Other factors are also at play but not having money is a key driver in reducing the life chances of children from low income families.

The evidence that a lack of money harms children’s life chances is overwhelming. Large scale studies¹⁷ universally correlate poor child outcomes with low income, even when other factors are removed. Research¹⁷ looking at the effects of large scale changes in taxes or benefits shows that lack of money reduces children’s life chances, as have deliberate experiments where groups of low-income families were given different levels of social security payments to test if money affects children’s life chances. A lack of money stands in the way of good outcomes for children. Other services, such as access to healthcare and education, do not make up for not having enough money¹⁷.

Parenting and the home environment are vital in a child’s development, and these are strongly linked to family income¹⁷. The studies discussed above indicate that lack of money makes it difficult to create a good home environment¹⁸. This is not just because money allows family to access material goods, but also because financial worries are linked to more conflict in the household as well as to poorer parental mental health¹⁹. Money affects the quality of parenting a family is able to provide. All these factors feed into the life chances of a child.

Simply put – children without good food and a warm secure home are less likely to thrive – even if they are given good quality childcare, healthcare and education. Having enough money in the home matters.

“I had to scrape pennies from our piggybank to pay for my son’s snack at nursery... it is pretty tough.”

Source: The Trussell Trust



Ignoring families without enough

The Welfare Reform and Work Bill abolishes the UK’s child poverty targets²⁰. The targets are based on measures of family income as well as material deprivation. Previously public policy was to work towards a society where children grow up in families with access to enough material goods to thrive. That ambition is to go.

Measuring poverty

Previous welfare reforms were presented alongside impact assessments explaining how many families would be moved into or out of poverty. This most basic measure of the adequacy of incomes has been ignored when preparing the current bill. The Resolution Foundation has produced its own estimates of the effect of the budget on UK poverty levels. The particular poverty measure chosen²¹ is already set to rise from 2.3 million to 3.3 million children by the end of the decade, mainly due to tax and benefit changes introduced in the last parliament. The effect of the last budget (July 2015) is to increase this estimate to 3.9 million. This takes into account the planned rise in the Minimum Wage and tax reductions²². Child poverty is set to rise as a result of the changes contained in the Welfare Reform and Work Bill, but the government did not assess this and instead it states that the bill is likely to improve what it terms children’s “life chances”.

Are “life chances” enough?

The rejection of poverty measures and targets mark a broader change in government policy to move away from looking at poverty, deprivation and income, and towards using paid employment and education as sole indicators of “life chances”²³. While examining poverty and all its effects is welcome, it is crucial to recognise the basic fact that not having enough money is central to poverty.

The term “life chances” is being used to overwrite the word poverty; for example, the Child Poverty Act (2010) is to be renamed the Life Chances Act (2010). Reducing family incomes will certainly increase poverty and harm children’s “life chances” as assessed by previous measurement techniques. However, under the government’s new measure even very large benefit cuts, such as those introduced in the bill, do not decrease “life chances”.

Indeed, in every case where a family’s income is reduced, the government states that this may *improve* children’s life chances. The reasoning, presented without any evidence, is that if income is removed parents will choose to do more paid work and thus children’s life chances will improve²⁴.

This represents a dangerous failure to acknowledge the difficulties families (many of whom are already in work) have in finding more work. It fails to recognise that adequate benefit payments reduce hardship and maintain living standards such that parents are employable. It indicates a world view in which benefit payments are solely disincentives to work. It is, however, clear that the most immediate and predictable effect of reducing poor families' incomes is to make them poorer and make already hard lives still harder.



What is enough?

Others have produced estimates of the effect of changes to benefits on the adequacy of family incomes. The most widely used estimate of how much money a family needs is the Minimum Income Standards²⁵ figures produced by Loughborough University. The researchers ask the British public what they think is needed to have an acceptable basic standard of living. These needs are priced up to create an estimate of how much money a family would need to have that standard of living. The result forms the evidence base for the Living Wage Foundation and London Mayor's Living Wage rates.

As can be seen below only pensioners receive enough to maintain this basic standard of living. Families out of work do not come close to what is needed. Even working families being paid the increased Minimum Wage and supported by tax credits will not reach this minimum standard of living²⁶.

Work often does not provide enough

The focus on work as a route out of poverty makes it tempting, but incorrect, to believe that working families do not experience poverty and do not get support from the benefits system. Excluding pensioners, the majority of people in poverty are in working families, and the majority of people receiving support from the benefits system are in work. The unemployment benefit, Jobseekers Allowance (JSA), represents only 1.4% of total welfare spending²⁷.

Increasingly the distinction between in-work and out-of-work is becoming blurred. Low income families are in-work, out-of-work and partly in-work, often moving between these categories. In-work poverty can be caused by low pay, but it is often due to families getting work that provides only a low or an irregular number of hours. This can be because of disability or caring responsibilities, or simply because that is the only work available. Unemployment, rather than being the cause of long-term poverty, is likely to be short-term²⁸ with people moving in and out of work.

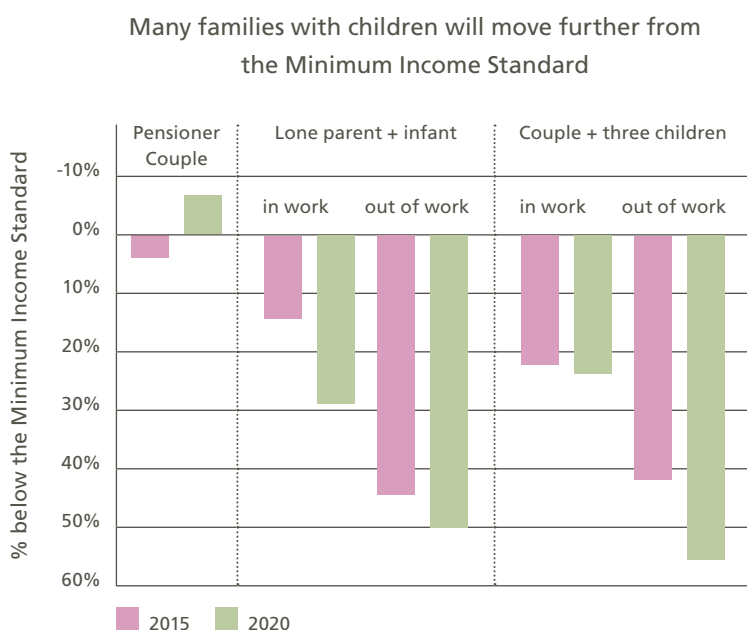
To present people on benefits and working taxpayers as two different groups with opposing interests does not reflect reality. Our society is not and should not be divided along such lines.

The importance of actively looking to see if families have enough

Choosing to move away from looking at family incomes when considering poverty carries risks. This is because in the UK poverty tends to hide. Church congregations work alongside and often contain families who outwardly appear to be getting by, but are in reality struggling to afford the very basics of life. Families maintain their dignity by publicly coping. This is understandable and even admirable, but it can also make the problem easy to deny or ignore.

The result of even larger proportions of the population not having enough will only reveal itself over a long period of time. Family budgets become more fragile, crises become more common. Families stretch already thinly spread resources to get by, reducing even essential expenditure. Just one example of this is that a study in 2013 found that one in five parents skipped meals in order ensure their children were properly fed²⁹.

The consequences of not having enough in the long term will probably not be dramatic and newsworthy – the outcome is more likely to follow a private pattern of families' lives getting gradually darker and more difficult with hopes and expectations slowly ebbing away. Looking at and caring about the incomes of the poorest are important if we are to prevent such a tragedy from occurring unnoticed.



Major changes introduced by Welfare Reform and Work Bill

Child Poverty

- Child Poverty targets abolished.
- Measures of poverty, income and deprivation replaced with "life chances".

Benefits and Tax Credits

- Benefit Cap reduced (£0.5bn)
- Tax credits removed from 3rd and subsequent children for new claims (£1.3bn)
- Most working age benefits frozen (£4.1bn)
- 30% cut to ESA-WRAG rate, which is paid to those unfit to work but capable of work preparation. (£0.6bn)
- Extending sanctions to parents of 3&4 years olds (£0.03bn)

Housing

- Assistance with mortgage interest converted to loans (£0.25bn)
- Reduction in social sector rents reducing total housing benefit costs (£2bn)

The total effect of tax, benefit and Minimum Wage changes on family's ability to reach the Minimum Income Standard. In-work families - all adults are over 25 and working full-time at Minimum Wage³⁶.

“ Sometimes it’s very difficult to manage, even budget, especially when the price of food, gas and electric is not cheap anymore. It’s so hard to pay rent and survive at the moment. People should not just be surviving though, they should be able to live and have a life. ”

Source: The Trussell Trust

The benefits of enough

The benefit system is often presented as a problem, but it is important to recognise the enormous good that the system currently does.



There are currently around 750,000 people receiving the unemployment benefit JSA, but because for most people unemployment is short-term, around 3 million people receive the benefit each year. This money tides the family over while they – usually successfully – look for more work. Without JSA many people’s lives would spiral out of control before they were able to find work.

2.5 million people receive the sickness and disability benefit, Employment and Support Allowance. The majority of these people are on a longer journey back to work and need support as they recover or adjust to a life where disability means their former employment is no longer possible. Around one million people have medical conditions so serious they are not likely to be able to find work for the foreseeable future. Despite recent policy changes involving assessments and reassessments this number has stayed fairly constant. Without a benefits system the future for these one million families would be very bleak indeed³⁰.



Everyone pays into the tax system throughout their lives (paying more in good times than bad)³¹, and receives support when they are under pressure – effectively redistributing money to themselves throughout the cycle of their life. Commonly the times of greatest pressure are the years spent raising children. Because of this, a large proportion of non-pensioner benefits and Tax Credits are aimed at families with children.

The system was designed to provide families with enough to live on as they moved through difficult times. The question of how much is enough is not only about basic subsistence, but also about how best to help families move through those difficult times. A few extra pounds paid to a jobseeker would be an excellent investment if it allowed them to look for work more effectively and get into employment more quickly.



"This is the first time anybody had set out to embody the whole spirit of the Christian ethic in an Act of Parliament".



Conclusion

Archbishop William Temple, speaking in 1942, said of the Beveridge Report, the founding document of today's welfare state: "This is the first time anybody had set out to embody the whole spirit of the Christian ethic in an Act of Parliament". Temple said it, not because of the details of how the system was to be operated, nor because benefits provided were set at a particular rate, but because of the principles which underpinned it. Under the system that was envisaged everyone should have enough to develop to their full potential, and be able to do so within communities which provide everyone with the necessary security and opportunity.

God has provided more than enough. Yet not everyone has enough to thrive. The UK generates sufficient wealth to ensure that all our children have enough resources to thrive. Seven years after

the banking crisis our economic output per person has returned to 2008 levels³², the economy has grown and UK population's household wealth has increased by over a *trillion* pounds³³. Arguing that support to the poorest must be reduced because as a nation we do not have enough to go around is a political statement as much as an assessment of how much we have as a nation.

This principle of ensuring every family had enough was conceived and implemented at a time of extraordinary scarcity and when the country was encumbered by huge debt. While the systems must change in order to meet the needs of new generations, the underlying principles, rooted in the God-given dignity of each person, remain vital. This call is not for the government to preserve the existing system or even to spend more money, but to ensure reforms hold to this central principle.

References

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- 2 See Joint Public Issues Team (JPIT) (2013), *The Lies We Tell Ourselves: Ending Comfortable Myths about Poverty* www.jointpublicissues.org.uk/truthandliesaboutpoverty
- 3 Beveridge (1942), "rates sufficient without further resources to provide the minimum income needed for subsistence in all normal cases", Cmd. 6404, 1942, para 307
- 4 House of Common Library (2013), Research Paper 13/01 *Welfare Benefits Upgrading Bill research briefings*. www.parliament.uk/ResearchBriefing/Summary/RP13-1
- 5 This rule will first be applied to Working Tax and will be integrated into Universal Credit that is due to completely replace Tax Credits by 2020.
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- 10 Detailed analysis performed on May 2014 figures - www.gov.uk/government/uploads/system/uploads/attachment_data/file/341890/benefit-cap-may-2014.pdf
- 11 DWP (2014) *Benefit Cap Analysis of Capped Households* www.gov.uk/government/uploads/system/uploads/attachment_data/file/385970/benefit-cap-analysis-of-outcomes-of-capped-claimants.pdf. The government does not count the numbers moving into work. It therefore must count those moving from out-of-work benefits to in-work benefits. This is a somewhat problematic measure.
- 12 DWP (2014) *Supporting Households Affected by the Benefit Cap: Impact on Local Authorities, Local Services and Social Landlords* www.gov.uk/government/uploads/system/uploads/attachment_data/file/386213/supporting-households-affected-by-the-benefit-cap.pdf
- 13 Only 15% of families affected by Benefit Cap contained someone claiming Jobseekers Allowance and therefore assessed as able to look for work. 21% received the sickness disability benefit ESA, 49% Income Support for caring for young children, 6% Carers allowance for caring for a disabled relative. DWP (2015) *Benefit Cap Quarterly Statistics* www.gov.uk/government/uploads/system/uploads/attachment_data/file/452971/benefit-cap-statistics-to-may-2015.pdf
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- 21 Relative income poverty before housing costs. The more comprehensive measure which includes housing costs gives a higher headline child poverty (but not pensioner poverty) figure – and is more commonly quoted in church publications. The measure used here allows for more accurate forecasting as there is no need to forecast housing costs. For comparison child poverty before housing costs in the UK 2013/2014 is 2.3 million, after housing costs it is 3.0 million.
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Produced by the Joint Public Issues Team: the Baptist Union of Great Britain, Church of Scotland, Methodist Church and the United Reformed Church working together.



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With thanks to The Poverty Truth Commission
and The Trussell Trust. Thanks should not imply
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