

Depth of UK welfare cuts revealed in Sheffield case study

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7 September 2015

Research conducted by two British academics offers a citywide snapshot of the large financial losses incurred by the working class under the coalition government.

The research by Professors Christina Beattie and Steve Fothergill of Sheffield Hallam University, “The Impact of Welfare Reform on Communities and Households in Sheffield,” documents the impact of welfare reform on the city’s population. It uses data from official statistics, including Treasury estimates and local social security figures.

While the report notes that the majority of the cuts were imposed by the 2010-2015 Conservative/Liberal Democrat coalition government, some of the cuts, most notably to Incapacity Benefits, are measures enacted by the previous Labour government. These have only recently taken effect. The latest cuts made to the incomes of the poorest by the new Tory government are yet to be catalogued by academics.

In total, these cuts amount to almost £10 per week off the income of every adult of working age in Sheffield. Sheffield has a population of approximately 560,000 and is Britain’s fifth most populous city.

The authors estimate that the city of Sheffield is losing almost £170 million in benefit income (equivalent to £460 per adult of working age living in the city) once all the government cuts (2013/14) make their impact felt.

The most vulnerable—the sick, the infirm and disabled—will suffer the biggest financial losses because of brutal cuts to Incapacity Benefit, which, just within Sheffield, amounts to losses of £42 million per year.

Workers struggling to survive on poverty wages whose income is subsidised through the Tax Credit scheme will suffer large financial losses, regardless of recent bogus claims of the impact of raising the minimum wage. The failure to link benefit increases to prices, rather than the annual rate of inflation, collectively costs millions in losses to the poorest sections of society.

Unsurprisingly, the impact of the cuts has been uneven across Sheffield, with inner city districts, overwhelmingly working class, hit hardest. Students and some middle class families with children have also been hit through the imposition of student fees and cuts to child benefit.

Households with dependent children, when all the planned cuts have taken effect, will suffer an average loss of £1,690 per year. Lone parents with dependent children will lose over £2,000 per year.

The devastating effects of the cuts are multiplied in households where members are sick or unable to work and affected by the slashing of Incapacity Benefit and cuts to Housing Benefit and Council Tax benefit—not to mention the chronic failure of benefit rates to reflect the rising cost of living.

The report, commissioned on behalf of Sheffield City Council, covers the impact of cuts to existing benefits as well as that of new financial sanctions on the poor. These include the loathed “bedroom tax”, a cap on housing allowances based upon “under occupation” of a rented property.

Drastic cuts have hit council tax benefit, housing benefit, disability living allowance, incapacity benefit and child benefit. Benefits like Jobseekers Allowance and other income-based (means tested) benefits have risen just 1 percent, well below the rate of inflation. Cuts to working tax credit fall on households with one or more adults in employment.

The cuts documented by the research, when fully implemented nationwide, will save the government £19 billion. However, these cuts have already been superseded by further savage austerity mapped out by the Tories. These have not yet been the subject of in-depth research.

Beattie and Fothergill stress that the numbers affected in Sheffield are an underestimation because the report offers what they call a “snapshot”. People will move both on and off benefits in the meantime, but the overall number

who will be affected over time will be larger.

The phenomenon known as “churning” notes how the numbers of individuals and households suffering low incomes and poverty, at any one time, constantly alters as people move into and just above poverty, in and out of employment and eligibility for receipt of benefits.

Beattie and Fothergill explain the purpose of their research as deepening previous analyses by not only looking at how government cuts to welfare impact upon the city as a whole, but also by documenting the impact according to the numbers of affected households and financial losses at the level of electoral wards. The research quantifies the financial impact on different types of households across the city, including at ward level.

The report notes that Sheffield’s financial loss is broadly in line with the national average—thanks to its often prosperous suburbs. Across Sheffield, the impact of the cuts is highly uneven. The greatest losses were recorded in the Firth Park ward, amounting to £800 for every adult of working age. This is five times the amount (£160) of the least affected ward of Broomhill. In seven of Sheffield’s inner city wards, all with overwhelmingly working class constituencies, the financial losses exceed £600 per adult.

Average figures also detract from the severity with which other British cities have been hit, some even harder than Sheffield. While the South Yorkshire city has lost £460 per annum, per adult of working age, Liverpool is losing a staggering £700, Glasgow £620 and Birmingham and Manchester £600 each.

The financial losses incurred by the wider South Yorkshire region within which Sheffield is located are larger too. Barnsley adults of working age have lost £620, while Doncaster and Rotherham have lost £560 each.



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