

Escalation of Universal Credit rollout in UK threatens millions more with poverty

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In the days since the Universal Credit (UC) welfare benefit was rolled out more broadly, many people have been plunged into severe poverty.

Beginning last month Universal Credit, the Conservative government's cover scheme for slashing welfare, was introduced to a further 45 job centres across the country. Each month about another 50 will be added. UC was first introduced in 2010, with about five job centres a month bringing it in at that stage.

Universal Credit is a benefit payment system for working-age people that merges all entitlements into one payment. The benefits replaced are income support, income-based jobseeker's allowance, income-related employment and support allowance, housing benefit, child tax credit and working tax credit. As of October, 610,000 people received Universal Credit, with more than a third of these in employment.

According to an Institute for Fiscal Studies report, Universal Credit will cost 2 million in-work families £1,600 a year and more than 1 million out-of-work families £2,300 a year. Research by the Child Poverty Action Group found that single parents and families with three children faced losing an average £200 a month.

Huge cuts in the value of the benefit have already been imposed. In 2016, cuts to UC were implemented for some 80,000 households. By 2020, UC cuts will be extended to 1 million households across the UK, saving the government £3 billion a year. This is part of the government's commitment to imposing £12 billion in welfare cuts, as part of its ongoing austerity programme, by 2020.

The UC cuts, first announced in 2015, lower the amount people can earn before low-wage subsidies are reduced. The changes cut the amount of money working people can expect to be paid by the

government when their employers provide only a pittance in wages. The new earnings level at which benefits will begin to be withdrawn is now set at a flat £192 a month, down from previous levels of £222 a month for a couple and £263 a month for a single parent.

UC will hit the most vulnerable people particularly hard. It will push a million more children into poverty by 2020, with 300,000 of them under five. According to disability charities, half a million disabled people and their families will be worse off under Universal Credit. This is due to the removal of disability premiums and cuts to child disability payments. Up to 100,000 children face an annual loss of £1,000 under the system.

Thousands of people have been thrust overnight into abject poverty due to the fact that it takes at least six weeks for claimants to first receive a payment under the UC system. Almost a quarter of all claimants have had to wait more than six weeks to receive their first full payment of the benefit because of errors and problems involved in evidencing their claims. The only way that claimants are able to receive any money in the meantime is if they can demonstrate dire financial need, such as not being able to eat or afford heating. They can then apply for a "short-term advance" loan that must be paid back, but is only worth a maximum of 50 percent of the value of their benefit.

The rollout of UC is resulting in people, and entire families, going hungry and forced to turn to food banks. Others have been evicted or refused a home. Speaking to the BBC, a UC claimant who had already been waiting two weeks for a payment said, "I've got no money, nothing, I don't even have four pence to my name." The woman said she relied on food banks and pointed out that her friends had been forced to wait for

12 weeks to receive a payment.

In one case, a student was not able to receive a UC payment for months because of a mix-up in the housing benefit element of it. After four months, he had built up rent arrears of over £4,000 that was supposed to be paid directly from his UC to the hostel where he was staying.

For the last four years, many people in desperate need were forced to call a premium cost UC hotline for advice, which—until it was ended last month—charged them up to 55 pence a minute.

As well as facing delays in receiving UC payments, many of those on the benefit continue to receive punitive “sanctions” aimed at cutting the pittance they receive even further. Financial penalties are imposed if claimants do not adhere to a Claimant Commitment, which stipulates strict and often arbitrary conditions on looking for work, applying for jobs, reporting a change in circumstance, paying rent and attending training.

In the city of Leeds—where 50,000 current Housing Benefit claimants and 55,000 current Tax Credit claimants are due to transfer to UC by June 2018—a quarter of single unemployed people moved onto UC have been hit by sanctions. In areas where UC has been rolled out in Leeds, data shows a big increase in the numbers of people in rent arrears, and using food banks.

The government is imposing UC, despite losing a parliamentary vote on its extension to millions more people. On October 18, Parliament voted by 299 votes to zero to temporarily halt the introduction of UC. Opposition parties in Parliament, led by Labour, passed a motion calling for the government to pause the rollout of UC. The vote was allowed as part of an Opposition Day Debate, of which there are 20 per parliamentary session.

In the face of mounting anger in the population, Theresa May’s crisis-ridden government instructed its ministers and MPs to abstain. This was due to their fear of a rebellion as at least 12 Tories as well as MPs from its governing partner, the Democratic Unionist Party, were prepared to back Labour. Despite the call, one Tory, Sarah Wollaston, backed the Labour motion.

The government responded to the vote by declaring it was not binding and that it would continue to roll out UC regardless.

Despite the rhetoric spouted by Labour leader Jeremy

Corbyn over the terrible impact of UC on millions of the working poor and unemployed, Labour’s motion—signed by Corbyn and his main ally, John McDonnell—called only for UC’s rollout to be paused for six months and modified. Nothing in principle is opposed regarding the UC system, with Labour MP Debbie Abrahams introducing the motion with a “genuine offer to work with the Government to address the very real concerns about Universal Credit, particularly its design flaws, the administrative issues and the cuts.”

On the basis that UC is a “simplified online-only way of receiving benefits,” Scottish National Party MP Mhairi Black said, “I find myself in a bizarre situation: I am going to stick up for the principles behind a Tory policy.” Pointing out other “absolutely reasonable” aspects of the system, Black continued, “[I] stress again that we are not calling for Universal Credit to be scrapped altogether.”

In his speech to Parliament during the debate, Tory MP Matt Warman was able to declare, “It is important to ... realise why Members on both sides of the House agree on the principles of Universal Credit. For all the smoke and fury, even the Labour Party is calling only for a pause in this reform, because all of us, on both sides of the House, know it is essential. If we do not persist with it, we will not deliver the essential savings and the benefits that are vital for our constituents.”



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