

# Submission to the All-Party Parliamentary Group on Poverty

## Inquiry into the (in)adequacy of social security

6 January 2023

### 1. Introduction

1.1 The Disability Benefits Consortium (DBC) is a network of over 100 organisations with an interest in disability and social security. For our full list of members, see <https://disabilitybenefitsconsortium.com/dbc-members/>

1.2 Using our combined knowledge, experience and direct contact with millions of disabled people, those with long-term health conditions and their families and carers, we seek to ensure that Government policy reflects and meets the needs of all disabled people<sup>i</sup>.

1.3 We welcome the opportunity to make a submission to this important inquiry. We have structured our comments around the “questions to consider” in the call for evidence.

### 2. Purpose

**“To what extent are current levels of social security benefit rates effective in achieving that aim [social security] and in alleviating poverty?”**

- Claimants whose incomes are low enough to bring them within scope of means-tested benefits are, by definition, on a low income.
- There are many others whose incomes are not much above means-test levels and who consequently experience similar problems.
- There are many claimants whose incomes are brought below (often far below) the ostensible benefit rates, through restrictions such as eligible rent limits (in Housing Benefit (HB) and Universal Credit (UC)); limited localised Council Tax Support; the benefit cap; the 2-child policy; and a variety of debt repayments.
- Disabled people on low incomes encounter many of the same problems as others, but also have additional, disability-related costs. There are extra-cost,

non-means-tested benefits to help with such additional expenses, but these are of questionable adequacy.

- Although there are numerous levels and permutations of benefit, there is considerable evidence of individuals and families struggling to cope on the amounts payable<sup>ii</sup>. This is amply confirmed by the ongoing feedback received from claimants by DBC member organisations.

### **3. Adequacy**

**“To what extent do you think families and individuals receive enough from the social security system to meet their needs?”**

- As noted above, there is considerable evidence of incomes falling short of needs.

**“How should we decide on an adequate level of social security entitlement (distinct from the uprating process)?”**

- We welcome the Inquiry’s distinction between initial benefit levels and uprating – these are often confused but raise different issues.
- We understand that there has been no official study of benefit adequacy since (unpublished) research in the early 1960s. The Government’s position, as recently stated, is that:

“The Government does not intend to conduct a specific review into the adequacy of benefit levels. There is no objective way of deciding what an adequate level of benefit should be as everyone has different requirements, and beneficiaries are free to spend their benefit as they see fit, in the light of their individual commitments, needs and preferences”.<sup>iii</sup>

So the official line is that it is methodologically too difficult, despite all the work done on minimum income standards by academics working in this area<sup>iv</sup>. We suspect that such methodological caution would be less of an issue if such research were expected to demonstrate that benefit rates are adequate.

- We would like to see policy in relation to benefit rates informed by research on minimum income standards along the lines of that conducted annually by the Centre for Research in Social Policy at Loughborough University for the Joseph Rowntree Foundation.
- The Government should regularly commission such research, not least in relation to the benefit rates that particularly pertain to disabled people. Without such illumination, it is difficult to see any rational basis for the amounts chosen.
- This is not merely a matter of subsistence. Independent living requires that disabled people should be able to afford to take part in the range of social and cultural activities that most of society takes for granted. And additional

spending power lower down the income scale has wider, positive economic effects, particularly locally.

- If such studies were to show that benefit rates are generally inadequate, it does not necessarily follow that a large one-off uplift would be feasible. But at least rational guidelines, indicating a desirable direction of travel, would have been established. It should also make benefits politically more difficult to cut.

- We do not consider this to be a party political matter. Reluctance to shine too much light on benefit adequacy might be expected from Chancellors in general, but we think that the Covid-19 pandemic, followed by the cost-of-living crisis, make it very clear that this nettle needs to be grasped – as the cross-party Work and Pensions Committee has proposed<sup>v</sup>.

- It is also important that a wedge should not be driven between people on low incomes in or out of work. Some people – particularly those who are severely disabled, have serious health conditions or have caring responsibilities – are not able to participate in the labour market. Moreover, many working-age benefits are in-work benefits. And many claimants frequently transition in and out of paid work. So it is essential that divisive rhetoric is firmly rejected.

- There are some causes of benefit inadequacy that should be mentioned specifically, as they raise particular issues beyond the general problem of deficiency. These are the benefit cap; 2-child policy; and “Local Housing Allowance” (LHA).

- The **benefit cap** is flawed for all claimant groups (as in-work benefits were excluded from the DWP’s original in- and out-of-work income comparisons, so the cap level was highly inaccurate even before the threshold was further arbitrarily reduced) while the extra costs caused by being disabled or having a long-term health condition make these claimants particularly vulnerable. Some disabled people are in a protected category (such as receiving Personal Independence Payment or being in the Employment & Support Allowance Support Group or UC equivalent) but many are not. We therefore strongly recommend that the benefit cap be discontinued for all claimants.

- The **2-child policy** has been much criticised, not only for the hardship it causes, but also for the worrying underlying notion that people on low incomes (including where financial disadvantage is associated with disability) should have more restricted choices regarding family size than their more affluent counterparts.

- Moreover, the policy lacks logic: even if the dubious underlying philosophy is accepted, there is also the assumption that parents are in a position to predict their income security for the next 18 years or so. In the real world, this is only true of a small number of people with very large financial reserves to fall back on: everybody else is vulnerable to the potential financial shocks of life risks such as illness, unexpected disability, or loss of a partner or job. We strongly recommend that the 2-child policy be discontinued.

- The **Local Housing Allowance** is the amount of rent eligible for HB or the UC rental element in the private rented sector. The problem of unaffordable rents is arguably a matter for housing, rather than social security, policy. However, it tends to fall between the two stools, with low-income tenants bearing the costs, as rents erode benefits ostensibly meant for other necessities. HB and UC cannot be expected to meet any rent, however high, but the serious inadequacy of the LHA is in urgent need of review (and see below regarding uprating).

#### **4. Uprating process**

##### **“How well is the current process of uprating benefits working?”**

- The Consumer Prices Index (CPI) is currently used for working age benefits. The DBC has not hitherto taken a view on whether this is the most appropriate index, although we note that inflation tends to be higher for people on lower incomes when the prices of basic necessities are rising disproportionately quickly. A low-income index of some sort would arguably be more appropriate (even for non-means tested benefits, as those meeting the qualifying criteria – such as disability or caring responsibilities – are also disproportionately likely to be on a lower income).

- A “double-lock” with earnings should also be considered, so that benefits are not excluded during periods when overall living standards are improving in real terms.

- If, as proposed above, benefit rates were to be considered in comparison with minimum income standards, a catch-up uprating supplement would very likely be indicated.

- As noted above, there is a particular problem with the LHA, which has been badly affected in the last decade by the austerity agenda, being linked to (low) percentiles of local rents, then uprated by the (irrelevant) CPI or not at all. The LHA is currently frozen. It should urgently be reviewed and meaningfully linked to rents.

##### **“What are the alternatives to the current practice of uprating benefits in April based on last September’s inflation rate?”**

- We are told by the Department for Work and Pensions (DWP) that this time lag is necessary for most benefits, due to the programming requirements of old computer systems. If the DWP explanation is correct, then it is to be hoped that improvements in the technology will permit a more recent measurement period before too long.

- When prices are rising quickly, there is a case for an interim uprating (if necessary, using lump sums as long as benefit rate programming run-ins remain problematic).

## 5. Summary of recommendations

1. Policy in relation to benefit rates should be informed by research on minimum income standards.
2. The benefit cap should be discontinued.
3. The 2-child policy should be discontinued.
4. The Local Housing Allowance should urgently be reviewed and meaningfully linked to rents.
5. A low-income uprating index should be considered, as an alternative to the CPI.
6. A “double-lock” with earnings should be considered, so that benefits are not excluded during periods when overall living standards are improving in real terms.
7. When prices are rising quickly, there is a case for an interim uprating.

### Further information from:

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<sup>i</sup> In this submission, the term “disabled people” includes people with long-term health conditions.

<sup>ii</sup> See, for example, **Do the right thing: supporting disabled people through the cost of living crisis**, Scope, Nov. 2022: [Scope Cost of Living Report November 2022.pdf](#) ; and **Costly differences: living standards for working-age people with disabilities**, Resolution Foundation, January 2023: [Costly-differences.pdf \(resolutionfoundation.org\)](#)

<sup>iii</sup> **The cost of living: Government response to the Committee’s second report of session 2022-23**, HC 671, House of Commons Work & Pensions Committee, 8/9/22, p.3: [The cost of living: Government Response to the Committee’s Second Report of Session 2022-23 \(parliament.uk\)](#)

<sup>iv</sup> For example, **A minimum income standard for the UK in 2022**, Joseph Rowntree Foundation, Sept. 2022: [A Minimum Income Standard for the UK in 2022 | JRF](#)

<sup>v</sup> See note iii.