



Zacchaeus 2000

Poverty and debt stop
people
finding and keeping work

Rev Paul Nicolson

Poverty is a public health issue

- the HB caps , and other welfare cuts , will seriously increase poverty and debt among the poorest citizens,
- debt and mental illness have been found to be related by the Government Office for science, and other researches.
- it leads to despair, even suicide, when associated with bailiffs, threats of eviction and actual eviction
- It is debilitating and renders people unfit for work when accompanied with draconian enforcement.
- it affects the nutrition of already impoverished women of child bearing age and before and during pregnancy and therefore the mental and physical health of their offspring
- mental illness costs the tax payer billions in poverty related ill health and educational underachievement which the Treasury never estimates

Poverty is a public health issue.

At an individual level, mental illness is one of the biggest causes of personal unhappiness in our society;

The Royal College of Psychiatrists tells us that;

1. 50% of people in debt have mental health problems
2. 25% of people with a diagnosed mental illness are in debt.

Adult unemployment benefit

£53.45

a week

after rent and council tax

for under 25s

£67.50 a week aged 25 - 60

Rowntree minimum income food standard 2010

£46.00

a week in 2010

For a single adult

based on the science of nutrition
consumer acceptability of the menu
priced in supermarkets.

RPI to CPI

Donald Hirsch – Loughborough

- The government has an uprating system that on past inflation trends on essential items like food will cause an erosion of the buying power of adult IS/JSA by nearly £1 a week with every year that passes (adding up to £9.30 over 10 years)
- Most of this penalty (£6.50 over ten years) already existed under the old uprating system but an additional penalty (£2.80 over 10 years) has been added by the switch to CPI.
- The 10 year total cumulative erosion of essential buying power of the adult unemployed comes to.

£2860

- Around £3 billion removed from the impoverished unemployed assuming a steady 1 million claimants over ten years.

People affected

- Young men and women before they have children or find partners
- Unemployed women of childbearing age. **£1734 cut from their income while they are pregnant and during the first year of the child's life putting the mental health of their babies at risk.**

Sam Royston, Children's Society

- Couples and single adults whose children have left home up to the age of 60.

Case history

- Fred Smith aged 40. Reared three boys while receiving unemployment benefits.
- no job for 20 years desperate for work
- gets job maintaining council houses at £10 ph
- council says he can keep housing and council tax benefits

complexity mistakes traps

- Wycombe decide they have made a mistake and
- debit his rent and council tax accounts with a total of £2000
- Eviction is threatened
- Bailiffs sent in for the council tax
- HM Revenue and Customs give him £2000 tax
- credits then decide they have made a mistake and seek a return of the overpayment

complexity mistakes and traps

- he has a nervous breakdown and is committed to hospital for three weeks
- he loses his job and is back on £65.45 a week (2010)
- We ask for a Doctor's letter the surgery wants to charge £60
- he slips into overdraft
- the bank wants immediate repayment of £854 most of which is charges.
- In desperation he has borrowed £400 from Provident plc with £260 interest.

complexity mistakes and traps

- He takes a plumbing course the only person at the college to have got 100% in the entrance exam
- jobcentre says he can keep his JSA for the five months duration of the course
- they change their mind when the course has finished the council cancels his housing and council tax benefits for the same five months more debts

Universal Credit

to be introduced in October 2013.

An award of universal credit is calculated by reference to—

- (a) a standard allowance,
(£67.50 at current prices)
- (b) an amount for responsibility for children or young persons,
- (c) an amount for housing, and
- (d) amounts for other particular needs or circumstances.

Improved disregards and tapers. Moving in and out of work should be easier.

Council tax separate. Details lacking.

Welfare Reform Bill

Z2K proposed amendments

- The case for each of these amendments includes the total inadequacy of the adult unemployment benefit at £53.45 under 25 and £67.50 aged 25 to 60;
- at a time when the prices of food and domestic fuel are escalating above claimants capacity to buy necessities
- that poverty and related debts cause mental and physical illness which flood the doctors surgeries at immense cost to their patients, the health service and the economy at large.

Work Capability Assessment

- **Work capability assessment.** We are in touch with GPs in Tower Hamlets who will be providing “some cases and evidence of the appalling assessments undertaken by the DWP”.

Case History – letter to Z2K

- I am currently on dialysis 3 days a week and am receiving DLA
- I have been writing asking why I was sanctioned when I had done everything they had asked but the Jobcentre denied sanctioning had occurred
- I contacted John Domokos at the Guardian and he later wrote his article (tricked out of benefits).
- I watched Iain Duncan Smith on television alleging it was all a conspiracy and totally without foundation, then a week later after the DWP retracted their statement denying it was going on and admitted it.
- But now I have got an appeal date for a Housing Benefit issue and CAB has told me in a letter as they have had funding cut they wont be able to help me at the appeal and I am dreading going to this.

Amendments for the House of Lords

Second reading 19th July committee in September

Clause 28 hardship payments – and amendment to prevent undue hardship when overpayments, sanctions or penalties are being enforced.

We want to insert here a requirement that officials making decisions about overpayments, sanctions or penalties are fully aware of the facts and circumstances of the claimants; like the magistrates in the courts.

Enforcement of overpayments This has been illegal when the claimant was in no way to blame since 1975 but it will be allowed in the Bill.

the amendment will maintain the status quo.

The Universal Credit.

We will propose an amendment extracting housing benefit from the UC on the grounds that the standard amount is so inadequate, at £67.50 a week, that rent, childcare and council tax not covered by benefits, and consequent arrears, will have to be paid out of amount for children or the amount for the disabled so creating unmanageable debts.

Amendments for the House of Lords

Second reading 19th July – Committee September

Poor maternal nutrition.

Another amendment will draw attention to the £1734 lost during pregnancy and during the first year of a child's life due to the Emergency Budget and the Savings Accounts and Health in Pregnancy Grant Act 2010, and the emergency budget, and seek due attention to the needs of women of child bearing age to be generously taken into account in the Bill before and during pregnancy and in the early months of a child's life.

Enforcement of overpayments 2 - there is a government proposal in (3) (e) which allows the Secretary of State to make regulations “as to the level below which earnings may not be reduced”. We support this; it follows the laws in Scotland and Europe about legally enforceable irreducible minimums when debts are being enforced - so debtors can eat. Our amendment will call for the amount of the irreducible amount to be settled by reference to minimum income standards. It should apply to the unemployed and to all debts in UK.

NGOs supporting first two amendments

AdviceUK

Caritas Social Action Network

Church Urban Fund

Community Links

Derbyshire Unemployed Workers Centres.

Housing Justice

Mind

Money Advice Trust

National Housing Federation,

The Royal College of Psychiatrists,

Save the Children

Shelter

United Kingdom Public Health Association.

Vincentian Partnership

SOMETHING WRONG

- The last 20 years of politics have been all about private profit and public loss – taxes are avoided with trillions salted away in off shore accounts for private enjoyment and the public taxpaying economy paying the price
- British Governments, unlike several European governments, USA, Australia and New Zealand, have never measured the minimum weekly costs of human need and participation in the community.
- J.K.Galbraith's "Culture of contentment" he argues that political parties in developed nations have to appeal to the 40% of the contented population who own houses and live comfortably , and who vote, to gain power; and that all the people who make policy for the poorest citizens come from that contented minority!

The Living Wage

- Approximately 5.3 million people's wages - one in five of all employees in Britain - fall below the low pay threshold.
- The poorest 10% of households have seen their weekly incomes fall by £9 a week. *Fair Pay Network*
- As real wages have fallen, the gap between what people earn and what they need has increasingly been filled by debt. The amount owed by UK households has tripled in the last decade.
- Professional services firm KPMG is one of the 85 employers that have signed up to the [London Living Wage pledge](#), promoted by London Citizens and supported by the Mayor.
- Guy Stallard, head of facilities Management at KPMG Europe, said: "We have found that paying the living wage has benefits on both sides, as increasing wages has reduced staff turnover and absenteeism, whilst productivity and professionalism has subsequently increased."

Making work pay in London under Universal Credit

**A report for London Councils June 2011,
From the Centre for Economic and Social Inclusion.**

Recommendations to London employers

38. The London Living Wage makes a big impact on work incentives under Universal Credit. If London employers paid the London Living Wage, many of the negative effects of the benefit changes on spending power would be minimised or reversed.

39. At the same time, if London workers were paid the London Living Wage, the costs of Universal Credit payments in London would shrink dramatically.

40. We recommend that London employers consider adopting the London Living Wage.

Starting with the London Councils I hope.

Rent arrears and council tax arrears are inevitable given ;

- a. the failure of LHA to pay 100% of rent,
- b. the further squeeze on benefits of the housing benefit caps and the overall benefit cap,
- c. the deep inadequacy of the national minimum wage, particularly in London, no holiday or sick pay
- d. and also of unemployment benefits all of which are below the governmental poverty thresholds and even further below the Rowntree minimum income standards,
- e. made worse by the remorseless increase in the price of food, utilities and other necessities
- f. while the annual uprating of benefits is pegged to the CPI which has risen slower than the prices of the minimum quantities of essentials needed for healthy living.
- g. The absence of any regulation of the activities of legal home credit and payday loan companies and illegal loan sharks.

The Z2K Policy for welfare to work

- Pay adequate unemployment benefits so people are fit for work and not debilitated by poverty and debt
- Pay the living wage.
- Create a stock of permanently affordable housing in mixed communities
- Rationalise welfare into one government department instead of four.
- Deliver welfare, and cope with appeals, through one local agency of the one local government department.

That's all – thanks for listening

Rev Paul Nicolson

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Video on Google

“Youtube friends in need Z2K justice for vulnerable debtors”