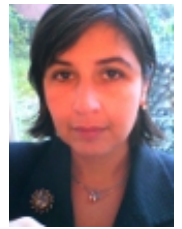


The end of austerity? Not for the most needy

 blogs.lse.ac.uk/politicsandpolicy/667070-2/

05/01/2017

The Chancellor's 2016 Autumn Statement spoke of the 'end of austerity'. It also announced the government's aim to do more for those who are 'just about managing'. Amidst all this, one might easily miss the crucial fact that austerity has just dramatically intensified for one particularly vulnerable group of people, write [Alice Forbess](#) and [Deborah James](#).



Just before announcing that he was bringing austerity to an end, Chancellor Phillip Hammond introduced a substantial reduction to the benefits cap – of £25,000 per year – that the Coalition government had imposed in 2010. The benefits available to workless households – over half of which are single parent families led by women – will now be reduced to £23,000 for those living in London and £20,000 (a 23 per cent reduction) for families in the rest of the country.



The cap applies regardless of family size, and the new cuts will be taken out of housing benefit, a rent subsidy paid by local councils. This is expected to lead to a wave of evictions among families who cannot afford to meet the resulting rent shortfall, creating a sharp increase in child poverty and homelessness. Our [2014-15 ethnographic study](#) of organisations offering free benefits advice, which documented some of the effects of the earlier benefits cap, helps to contextualise the impact of this new invisible austerity.

We found that in Hammersmith and Fulham, now one of the most expensive boroughs in London, Citizens Advice frequently fielded queries from families who, owing to the benefits cap, were no longer able to afford their rent. In one case, an Eritrean single mother with young children was moved by the council to Essex, where rents were more affordable. Unable to speak English competently, her isolation was compounded by her removal from the community and family networks on which she relied for survival.

In another case we came across, Kingston City Council, despite being proactive in trying to mitigate the effects of the benefits cap on local families, was unable to prevent the move of a Korean family to the Midlands. In this case, isolation from the local Korean community had particularly serious repercussions: there was a history of domestic abuse in the family, and several of the children had special education needs. A vulnerable mother and her children would now be less likely to seek, or find, the help they needed. The out-migration of poorer families from expensive and gentrifying areas is likely to be greatly intensified by the new benefits cap. But whereas these households in London and other 'high-rent areas' were the chief casualties of earlier caps, the new cap '[will have an impact on families in all areas of the country](#)'.

Although the cap purports to generate savings for local council budgets by reducing the housing benefit bill, the expenses it will create, in addition to the high human costs, are far greater than the reductions achieved. Councils have a statutory obligation to prevent child homelessness, and will therefore be responsible for housing any families made homeless as a result of the cap. However, as we discovered through our work in Portsmouth and East London, most councils have sold the majority of their housing stock, and have little or no access to low-cost emergency accommodation.

Homeless families with minor children are being placed in bed and breakfasts, hotels and hostels for months or even years, as depicted in Daisy May Hudson's documentary [Halfway](#). These high costs must be covered by council budgets that have already been significantly reduced by steep cuts to the central government's local authority grants. Ultimately, the costs of preventing the child homelessness created by the new benefits cap are likely to be passed on to the council tax payer and/or raised through the further stripping down of local services.

If benefits are instruments created by the government to achieve specific policy ends, the Coalition benefit cap has failed to help people return to work. Research by [The Institute of Fiscal Studies](#) suggests that more people, instead of finding work, have moved onto disability benefits, which also entitle them to an exemption from the

cap. Our research points to some of the reasons why this is happening. In Newham (East London) a single mother of seven children opted to find work when the benefit cap was introduced. She worked as a carer 16.5 hours per week at minimum wage, and registered her four young children with a carer whose fees (higher than her wages) were covered by Her Majesty's Revenue and Customs (HMRC) tax credits. A year later, she received a letter from HMRC stating that she was being investigated for fraud and was expected to repay £5,500 in "overpaid" childcare costs. After appealing this decision, she was forced to wait over six months for the result of an in-house review before she could take her case before an independent ombudsman. In the meantime, whilst earning £3,940 per year, she was unable to meet weekly childcare costs of £295 and had to miss work, eventually losing her job and accumulating rent arrears as a result.

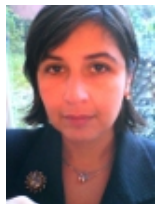
For people dependent on benefits, balancing the books involves a continual series of fine-tuned micro-budgeting calculations. Any change in one's circumstances (a relationship breakdown, entering or losing work, having one's work hours increased or reduced, changes in family arrangements)) can set off a sequence of events that can easily lead to destitution and homelessness. Whenever such a change in circumstances occurs, benefits recipients are expected to notify – separately – each of the offices administering the various funds they receive (the local council for housing benefit, HMRC for tax credits, the Department of Work and Pensions for unemployment and disability benefits).

But even for those with enough literacy and linguistic competency to meet this requirement, each change is likely to trigger a recalculation or even suspension of their benefits, exposing them to possible bureaucratic error, and frequently resulting in 'overpayment' demands, often for thousands of pounds. Such decisions, we found, are often wrong and can be successfully challenged, but the legal advice needed to mount such challenges is increasingly difficult to access owing to another set of austerity cuts which has hit the advice sector.

Theresa May's new hidden austerity, which applies only to the fully welfare dependent, is the latest in a series of initiatives aimed at hollowing out the welfare state. All apparent efforts to empower people, or have them 'stand on their own two feet', are being undermined by the fact that the rules keep changing. Many of the problems faced by those whose advice sessions we observed derived from the complexity of the welfare system itself, and the maze of rules and regulations associated with the multiple agencies involved. This complexity generated and reproduced the need for periodic access to those all-important advice sessions – which agencies, against all the odds, continue to provide – in order to re-negotiate repayment schedules and remedy bureaucratic errors that might otherwise leave beneficiaries destitute.

About the Authors

Alice Forbess is a Research Fellow in the Anthropology Department at LSE.



Deborah James is Professor in the Anthropology Department at LSE.

