



The Committee Secretary
Social Security Advisory Committee
5th Floor
Caxton House
Tothill Street
London
SW1H 9NA

By email to: ssac@dwp.gsi.gov.uk

17 October 2014

Dear Sir/Madam,

CIH's response to the consultation on the Universal Credit (Waiting Days) Amendment Regulations 2014

CIH welcomes this opportunity to contribute to this consultation.

CIH is wholly opposed to this change which we believe is completely without merit. We challenge the premise on which it is made namely that:

“the principle behind the waiting days policy is that benefits are not intended to provide financial support for very brief breaks in employment or periods of sickness. Many people come to benefits directly from employment and it is reasonable to expect them to use those earnings to budget for an initial period of unemployment.”

This is entirely disingenuous and a distortion of the original intention behind the waiting days policy. This distortion arises from conflating the principles for two completely different types of benefit that arise from quite distinctly different policy objectives. These two distinct objectives date back to the founding of the modern welfare state and have until recently been kept quite separate.

It is correct to say that waiting days for short periods of unemployment or incapacity have always applied to *earnings replacement benefits*. But that is because earnings replacement benefits are part of the contributory system of *social insurance* (some earnings replacement benefits are non-contributory but are non-means tested and paid at a flat rate of 60 per cent of the contributory rate). In a social insurance scheme beneficiaries make contributions in return for benefits during a period of interruption of employment. The waiting days represent the 'excess' that applies to all insurance based schemes – whether public or private. The social insurance scheme was built on the assumption that contributors would have other sources of private income (other than that from work), such as savings or private insurance to cover for periods in between employment.

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Means tested benefits are **not** earnings replacement benefits. They provide a safety net and deal with the issue of **adequacy** (i.e. ensure that the household has an adequate level of income to meet their basic needs). An income may be adequate or inadequate whether or not the claimant is in employment. Adequacy is determined by reference to the means test – not the claimant’s employment status. And the means test takes account of all of the claimant’s sources of income – including any contributory benefit. If the income is inadequate for any given period then it is illogical to expect the claimant to manage with an income – from whatever source – that has already been deemed insufficient.

The purpose of mean tested benefits is to prevent destitution. It is arguable that a claimant with capital might be expected to make use of it during periods in between work or hardship. But that is not what is being proposed here. It applies to all regardless including those claimants that the test of resources has already established have no capital whatsoever.

Furthermore, this is not just a minor extension of original waiting days policy from three to seven days. The original 1948 scheme paid out a flat-rate benefit to cover basic living expenses **other than housing costs, and this has been the case ever since** (an appropriate UK-wide flat rate element for housing costs could not be established because they varied so much from place to place). Instead claimants with incomes that were insufficient to cover their housing costs were covered by the safety net means tested system which, for the reason stated above, for over sixty years had never been previously subject to waiting days. The change from the original long-standing policy is therefore from three waiting days for non-housing costs only to seven waiting days for housing and non-housing costs. For claimants without other resources this is likely to cause serious difficulties – especially in high rent areas such as the three national capital cities where rents are around twice the level of the standard (non-housing costs) allowance included in the scale rates.

Even under the poor law that preceded the welfare state it was unlawful for the authority to refuse support to a person who had no income or savings even for a short period of time. These proposals as they stand are the modern day equivalent of being refused entry to the workhouse.

Yours sincerely,

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