



Wise Group Response to Second Reading debate on the Welfare Reform Bill in the House of Lords

Wednesday 29th April

There are many aspects of the Welfare Reform Bill that the Wise Group endorses.

We particularly welcome recognition of the broader benefits of employment – for individual well-being and increased life chances for children. Work is the most effective way to improve the well-being of individuals, their families and their communities. Specifically, entering employment raises self-esteem; improves general and mental health; promotes fuller participation in society; and reduces poverty and raises quality of life. In contrast, unemployment is detrimental to health: it increases mortality rates, causes physical and mental ill-health, and leads to greater use of health services.

Although work is a route out of poverty for many, we are concerned that the Welfare Reform Bill seems to assume that work leads to a reduction in poverty for all. Employment does not necessarily equate to reductions in poverty: low pay undermines the role of work in reducing poverty. One in three people moving from unemployment to work are moving from non-working poor to working poor.¹ A Living Wage that reflects costs of living and ends in-work poverty is thus an urgent requirement, and we urge the Government to consider implementation of Living Wages across the country.

Particularly in the context of a recession, quality of work is also important – especially in terms of sustainability and the nature of work. Many young people, for example, can be shunted between many short-term insecure jobs. Matching individual needs with vacancies is fundamental in ensuring sustained job outcomes, individual well-being and ability to meet other commitments (such as caring responsibilities). Only when individuals feel valued and supported in work

¹ Harker, 2006

will the positive impacts of work set out above be realised. The benefits of work are thus influenced by how well a job fits with other responsibilities and aspirations.

This does not necessarily fit with the notion of conditionality emphasised in the Welfare Reform Bill. In particular, we are concerned that much of the success in raising employment rates and reducing benefit claims that informed the Welfare Reform Bill took place in benign economic circumstances. Many of the Government's welfare reforms will be difficult in the prevailing recession, particularly as trying economic circumstances are being experienced acutely by those sectors which may have otherwise been a destination for individuals coming off benefits – for example, the construction and hospitality sectors. We therefore caution that conditionality needs to be tempered by recognition of the local economic circumstances, particularly the local demand for labour and skills. The Wise Group urges the Government to better link expectations of the unemployed to take up employment with realistic prospects to find work opportunities.