



## **Response to Department for Work and Pensions consultation: *No one written off: reforming welfare to reward responsibility***

### **Summary**

*Our objective is a social revolution: an 80 per cent employment rate – the highest ever – and reducing social exclusion by improving employment prospects for people facing the greatest disadvantage; ending child poverty, for the first time ever; and equality for disabled people, the next step in the onward march of equal rights.*

Executive Summary, *No one written off: reforming welfare to reward responsibility*

Oxfam welcomes the opportunity to respond to the government's latest proposals to reshape the welfare state.

*No one written off: reforming welfare to reward responsibility* asks to be judged on increasing social inclusion through employment and on continued falls in child poverty. Yet with both the numbers of children in poverty and the number of households below the poverty line rising over the last two years, Oxfam believes that a purely work-focused approach is not sufficient. The approach outlined does not take a holistic view of people's livelihoods, and fails adequately to tackle the sustainability of those livelihoods. We argue for a broader, more holistic approach to the problem of poverty than the narrow focus on labour market exclusion. Our key recommendation, therefore, is for a change of approach to government thinking on benefits and poverty in their broadest sense. In addition, we make a number of more specific recommendations, summarised here:

- The government should adopt a holistic Sustainable Livelihoods Approach to anti-poverty policymaking
- The tax and benefit systems should be integrated and revised thoroughly from a pro-poor perspective
- In the short-term, specific interventions should be developed to increase the flexibility and responsiveness of the benefit and tax systems
- Both demand and supply-side policies to increase employment should be pursued
- Equality impact assessments of all proposed changes should be carried out and published
- The incentive structure for Flexible New Deal providers should value sustained employment and intermediate non-employment outcomes as well as entry to employment
- Employment services should treat customers respectfully and maximise their income
- Additional benefits sanctions and compulsory work programmes should not be adopted
- The government should challenge negative attitudes and stigma towards people living in poverty

## 1. About Oxfam GB

Oxfam GB is a British international development agency working to end poverty both internationally and in the UK. Oxfam works to overcome poverty in the UK in three ways: we develop projects with people living in poverty to improve their lives and show how things can change; we raise public awareness of poverty to create pressure for change; and we work with policymakers to tackle the causes of poverty.

The focus of our work is ensuring that everyone in the UK has a secure income which gives them enough money to live on. We also tackle the discrimination which makes women, ethnic minority groups and others more vulnerable to poverty, and we work on public attitudes to ensure that people experiencing poverty are treated with dignity and respect.

For further details about Oxfam's work in the UK, see [www.oxfam.org.uk/uk](http://www.oxfam.org.uk/uk).

## 2. Overview

We are pleased to take this opportunity to respond to respond to *No one written off: reforming welfare to reward responsibility*. We welcome the focus of the green paper on ending poverty and social exclusion through overcoming barriers that people face in getting into long-term, sustainable employment. Whilst this focus is positive, there are both gaps and limitations in how far the green paper's approach is grounded in people's lived realities, and also weaknesses in the analysis and proposals put forward. We will respond to specific points within the green paper below; in some ways what is not considered in the content of the paper is more important than what is.

## 3. About Oxfam's approach to poverty in the UK

Successful approaches to tackling and ending poverty must be rooted in people's lived realities. From our experience all over the world, Oxfam knows that decent waged work and robust social protection are both crucial to build a society free of poverty.

Across our programme, Oxfam uses the Sustainable Livelihoods Approach (SLA) as a tool to frame how it thinks about ending poverty. SLA is used commonly in international development as a means of understanding the assets held and strategies used by people to get by. It helps people living in poverty, practitioners and policymakers understand how to build increasingly strong, resilient and sustainable livelihoods in the context of vulnerability to shocks and unexpected events which people living in poverty are less able to protect themselves from and from which they are slower to recover. It is a people-centred approach that seeks to understand, build on and support the existing strategies that people use and to enable them to overcome the barriers that stop them from realising their potential. It is a fundamentally participatory model, and takes into account how policy decisions and institutional practice differently affect distinct groups of people, such as women compared to men.

SLA considers an individual's or household's assets in five categories:

- financial (e.g. wages, benefits, bank accounts, access to credit)
- human (e.g. health, skills, education)
- social (e.g. family networks, friends, faith groups)
- physical (e.g. ownership or use of a house, car or sewing machine)
- public / locational (e.g. libraries, jobcentres, political representation, public transport)<sup>1</sup>

These assets are important both independently and in relation to one another. By looking at and analysing assets and their interactions, policymakers can develop a rounded understanding of the lives, strengths and challenges of people living poverty. Traditional approaches to poverty use a narrow deficit model focusing on the material deprivation of those in poverty – in short, treating the major symptom of poverty as its cause. In doing so they limit both the depth of their understanding of poverty and their potential effectiveness in tackling it. Using SLA, on the other hand, policymakers can support people to retain and increase their assets as a whole.

SLA enables individuals and communities to be placed on the livelihoods ladder depending on how secure, long-term and effective people's strategies are for creating and preserving assets. These "rungs" are characterised as *surviving*, *coping*, *adapting* and *accumulating*. Together, they form a livelihoods ladder, which people move up and down at different times in their lives. Vulnerability of livelihoods, and by extension to tendency towards risk aversion, are intimately linked to individuals' or households' position on the livelihoods ladder. At the lower end, household or individuals who are '*surviving*' experience deficits in a

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<sup>1</sup> This category replaces natural assets, as it is more appropriate to a developed, majority-urban context.

range of assets, not just financial, while ‘*coping*’ is often achieved due to social or public assets to some extent compensating for a lack of financial assets. The importance of non-financial assets to those who are defined as ‘*coping*’ within this framework can help policymakers to understand why people might – quite rationally – not be willing to put other assets at risk for the sake of increasing their financial assets. At higher levels, particularly ‘*adapting*’, but also ‘*accumulating*’, risk management remains important as people may not have much to fall back on in the case of emergencies. Part of the role of public policy must be to help to provide structures for people not only to fall back on in emergencies, but to bounce back from after the immediate emergency has passed.

In the last five years Oxfam has conducted specific SLA analyses in Teesside, Cardiff, Derbyshire and London. These have been participatory, gendered projects that have sought to understand the ways in which people in these areas build sustainable livelihoods. Following this, we focus on empowering communities to use the analysis to design better policies that tackle the barriers they face, whilst recognising that they are also affected by structural issues which must be tackled at a higher level. We have used the learning from this analysis, as well as from our work with people living in poverty more broadly, to inform our response to this green paper.

#### **4. Comments on the proposals of *No-one written off***

We are encouraged that the green paper demonstrates a degree of recognition of the complex and multi-faceted nature of poverty that the sustainable livelihoods approach seeks to address. The government’s approach shows some understanding of the importance of building on people’s strengths, overcoming barriers and climbing the livelihoods ladder, particularly in terms of human and financial assets, through its emphasis on individual employment support. It also shows a recognition of the importance of public assets - in the form of employment services - in helping people to achieve a sustainable livelihood through work.

The biggest gap in the analysis lies in the proposals’ narrow focus on employment and benefits and the failure to consider livelihoods and poverty more broadly. Our work with poor communities has taught us that people want to build livelihoods which include paid work wherever possible. The experience of people living in poverty has been, however, that public policy and institutions often militate against this due to their unresponsiveness and incomprehension of how people progress or fail to progress up the livelihoods ladder by building on their assets. So whilst we welcome proposals about the potential for government to support people into work, this can only ever be part of the picture. Without analysing the institutional context as a whole, its effects on people’s livelihoods and asset building and its effectiveness in mitigating risk and providing a safety net, no government policy, however well-designed, can hope to end poverty for all working-age people and their children.

In particular, considering benefits and welfare to work systems in isolation from the tax and tax credits systems seems inappropriate, given that one of the major incentives of moving from benefits to work is the possibility of increased income through both tax credits and access to a wage. The role of the tax credit system and the National Minimum Wage in tackling in-work poverty and making work an attractive option is not considered in this paper. This is a significant gap in terms of understanding incentives for employment and mitigating the risks attached to taking on work.

The proposals seem to adopt a binary approach (not employed vs. employed), with movement from one category to another as its measure of success, failing to recognise that, for many people, there are in reality a number of stages and elements to building a livelihood. For those people at the greatest distance from the labour market and who have multiple barriers to labour market participation, a movement from non-employment to long-term sustained full-time employment is often unrealistic in a single step. Yet this is what the benefit and tax systems expect; it is a major failing of this green paper that it does not seek to break from this failed approach.

A solution to structural barriers to livelihood building through employment must ultimately involve increased flexibility in the benefits system and more streamlined linkages with tax and tax credits system. This can prevent the long time-lags (in benefit payments, wage payments, or tax credit payments) and risks to the predictability of income that prevent people from taking up short-term work – which can be an early step in building up sustainable livelihoods – or which force people into the informal cash-in-hand economy, which limits their ability to build upon such work in the formal economy and exposes them to the risk of exploitation and criminal prosecution. The current inflexibility of the benefits and tax credits system traps people living in poverty, particularly lone parents, in low-paid jobs, and the steep tapering of tax credits and housing benefit make it difficult for them to increase their hours or progress within their jobs, because of the impact of additional earnings on their benefits and tax credit settlements. Low-paid workers need the support of a flexible and responsive tax credits system to enable them to move into and progress in work and need to be

confident that they will not get into debt through overpayments of tax credits. The benefit system currently fails to reflect the modern labour market and the gradations that exist between non-employment and full-time long-term employment, closing off pathways to work that might otherwise exist.

Redesigning the benefit and tax systems to reflect the reality of modern day livelihoods and labour market is a long-term and substantial task, and this response is not the forum in which to address that in detail. We would recommend, however, that consideration is given to ways in which a substantive revisiting of the benefit and tax systems can take place from this perspective. In the short-term, specific interventions to overcome some of these problems should be considered, including an increased earnings disregard to allow people on benefits to undertake small amounts of work to build up their skills and confidence; decreasing the number of hours that must be worked for tax credits to be claimed; and guaranteeing an easy return to benefits for a specified period (for example, three months) for those returning to work in order to mitigate the risks to income predictability, especially in an era of short-term flexible contracts.

Flexibility should also extend to ensuring that the differing needs of different groups are taken into account. For instance, even high- and medium-skilled women need more practical support for a longer period to get into work than men. Jobcentre Plus advisers should acknowledge and seek to solve their difficulties around affordable childcare and their need for local jobs to suit their caring needs that suit their skill level, rather than offering them low-paid low-skilled jobs that mean they are unable to meet transport and caring costs and have no potential for progression.<sup>2</sup> We welcome the positive proposals to help lone parents, such as the commitment to disregard child maintenance payments completely.

Understanding the SLA concept of the '*vulnerability context*' is also useful in considering policymaking to increase employment and end poverty. Building a livelihood is about recognising and deciding action on the basis of the risks involved, and risk to predictability of income or a strategy which delivers some stability can be a barrier as much as lack of skills or insufficient financial incentive. So, a decision around switching from one type of livelihood strategy, such as one based largely on benefits, to another based largely on paid employment may not rely solely on financial considerations, but may also depend upon the risk level attached to those livelihood strategies. The welfare system should reflect the vulnerability of people's livelihoods; as discussed the tax and benefit systems as presently constituted do little to mitigate many of the livelihood risks inherent in entering employment from benefits.

Although the proposals do acknowledge the role of human and public assets, in general the proposals also show a lack of understanding of the context in which people try to build their livelihoods. Understanding the interaction of different assets is key: crucially, measures taken to improve financial assets – such as taking a job – can impact negatively on other assets. An example of this is the impact of taking a job on human assets, where increased stress affects mental health. Another is the interplay between the limited physical asset of access to private transport and the failure of public assets to step into the breach with public transport.

*No-one written off* also shows a limited appreciation of the value of non-work related aspects of livelihoods. For example, the importance of social assets might manifest in people's caring responsibilities: the value of this is insufficiently recognised in the proposals, and as a result, the opportunity cost of taking work for those with caring responsibilities is not fully appreciated. Women carry the majority of responsibility for caring, both for children and for sick or disabled and older people. This lack of understanding of non-work activity is exemplified by the decision to seek an 80 per cent employment rate without reference to the impact this could have on caring. While this rate has logic when considering pensions and maintaining the current dependency ratio, it appears to be an arbitrary figure as far as measuring 'full' or optimum employment is concerned.

Looking at decisions through SLA as well as through a more narrow economic lens can help to explain apparently 'irrational' decisions taken by people living in poverty about employment, and more importantly can provide an analysis to help policymakers create the conditions in which people are able to further their livelihoods and lift themselves out of poverty.

Another major omission is the failure to highlight gender difference and experience of discrimination as barriers to coming off benefits and getting into work. While particular groups such as lone parents do receive attention, the document fails to identify and acknowledge the multiple ways in which women experience structural discrimination or to put in place gender-specific initiatives to help women of different ages, ethnicities and family structures to overcome the barriers they face. The birth of a child, relationship

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<sup>2</sup> *From getting by to getting on: women's employment and local regeneration programmes*, Oxfam/RENEW North West (November 2007)

breakdown and the onset of domestic violence are all life changes which can mean women drop out of or become unable to enter the labour market. Far from increasing women's likelihood of securing a livelihood by returning to work, the greater conditionality suggested will undermine women's livelihoods. We recommend that a full gender impact assessment, as required by the gender equality duty, be carried out on all aspects of the reforms proposed, and used to make changes to ensure that women and men will be supported equally and will not be penalised unequally. This will identify discrimination and differential treatment before it takes place and allow appropriate and equality-proofed policy to be developed.

Meaningful policies to increase employment must look at the demand side of the labour market as well as the supply side. This is not only about how many jobs are available but also about what kind of work is on offer, as part of the broader consideration of how those on low but relatively secure benefits could be incentivised to take up work.

The current proposals fail to recognise that many of the barriers people face in accessing work are due to structural causes rather than individual weakness. The UK labour market as currently constituted depresses wages and requires large amounts of low-skilled labour; for many people work absolutely does not pay and thus the decision to stay on benefits is economically rational. This is particularly true for carers, most of whom are women; for many, the high costs of childcare and transport to work, even with support from tax credits, means they either cannot afford to leave benefits and take up work at any cost, or that the additional income gained from working does not compensate for the non-financial additional costs of taking up work. The nature of the jobs available to low-skilled women accentuate this: most work that is available is part-time, low-skilled, insecure, low-paid work such as caring, cleaning, catering and retail. This means that not only do they suffer financially from the type of employment they have to take, often to fit around caring responsibilities, but also face high opportunity costs around taking employment. The government needs to take action to improve the quality and availability of paid work alongside supporting people to take the jobs that are available, rather than put pressure on vulnerable people to take work at any cost. The proposals presented fails to recognise the need to put pressure on employers to welcome people with disadvantages to the workforce and ensure that they are supported and not stigmatised as they move into work.

Finally, the entire basis of these welfare reform proposals relies on the availability of jobs once remedial action to overcome individuals' barriers and skills gaps has been taken. However, whilst the lesson of a growing economy for the past fifteen years may have made this plausible even six months ago, the recent economic downturn with its expected increase in unemployment means that jobs may not in fact be available, no matter how ready people are to take them.

The major weaknesses of the green paper, even within its narrow focus on employment, stem from its simplistic assertion that work is 'the best and most sustainable route out of poverty'. The claim that work is in and of itself sufficient to exit poverty is undermined by the rising levels of in-work poverty; for the first time under this government more than half of households in poverty are those with one or more adults in work.

Work can be a route out of poverty, but only if it is well-paid, sustainable, allows progression and is supported by a strong social protection system. Firstly, for employment to facilitate an exit from poverty, it must be sufficiently well-paid – which means continuing to increase the National Minimum Wage above inflation, putting pressure on employers through example and through public procurement levers to pay above-minimum wages, and enabling progression in work.

And, in order for work to lead to a long-term continuous exit from poverty, value should be placed upon sustainable and sustained employment and not just any employment. The government's approach to welfare must also recognise that livelihoods are built in several stages. The proposals remain wedded to a binary distinction between full time work and non-work. Finding work is for some a long-term process; pushing everyone towards work immediately is not necessarily the best approach. Change – building assets and overcoming barriers – takes time - more for some than for others. Particularly in the case of those who experience mental ill-health, forcing movement towards employment too fast can be detrimental rather than beneficial. For example, Oxfam's work on Teesside identified that post-natal depression and mental health problems affected most of the women in the area and the combination of these with caring responsibilities meant that they were very distant from the labour market.<sup>3</sup>

In reality, movement from outside the labour market into sustainable employment can encompass a range of intermediary activities and achievements, not all of which relate directly to employment or financial assets; the green paper would be significantly stronger if it acknowledged these and incorporated them into its thinking. Therefore, it might be appropriate to adopt intermediate goals on the path towards sustainable

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<sup>3</sup> See *When Ends Don't Meet*, Oxfam and Church Action on Poverty (November 2006)

employment, such as spells of short-term or part-time work. This requires institutional and policy change to allow such work to be taken and built upon without risk to income predictability. In the short term, the proposals should be amended to incorporate a financial structure that allows people to follow this path into long-term sustainable work, and the incentive structure for Flexible New Deal must be developed to capture outcomes which are related to employment but may not be full-time paid employment.<sup>4</sup>

Building on this, the adoption of an SLA would enable positive outcomes other than full time employment to be made visible. These could be seen as 'intermediate goals' to the long-term goal of sustainable employment, and they include better health, and building up human assets and social assets. Entering employment should be seen as one step within a livelihoods ladder towards *accumulating* status, and not as the sole goal. Progression up the livelihoods ladder also includes non-employment outcomes which contribute to achieving a sustainable livelihood – the achievement of a secure tenancy, for example; this is not currently recognised in the proposals. For this reason, it is essential that helping people obtain sustained employment is built into the incentive structure for Flexible New Deal providers. This should encourage and include support for people once they have entered employment to maximise the potential for sustainability.

As currently constituted, the proposed incentive structure for Flexible New Deal providers does not appear to have effective processes in place to prevent 'cherry-picking' - where providers target their efforts on those easiest to get into work in order to demonstrate results whilst 'parking' those furthest from the labour market with minimal support because of the resource implications. This may be exacerbated by adopting a model of asking service providers to meet initial costs and rewarding them from savings on benefits payments which shifts risk onto service providers. As set out above, part of the solution to this problem is in valuing intermediate goals to employment as well as the achievement and sustention of full-time employment. There are several possible models for creating incentives for providers to help those with the biggest barriers to labour market participation into sustainable employment: these include tackling this problem through tiered payments according to an individual's distance from the labour market, or perhaps adopting a structure of ascending payments for each person helped into employment.<sup>5</sup> Whatever approach is chosen, the key is to ensure that everyone's right to attain a sustainable livelihood is equally valued, even though the support required to achieve it may differ in type and magnitude.

Oxfam has major concerns about the framing of the proposals in the language of 'balancing rights and responsibilities'. *No-one written off* argues that people who are not in work must take greater responsibility for getting into work, yet also presents evidence showing that the majority of out-of-work people want to work. This raises questions about the efficacy of such an approach, in addition to the questionable ethics of creating sanctions which may result in loss of income and consequent deepening of poverty. We do not support continued government rhetoric that asks those on the margins of society who are least able to access their rights to fulfil an ever-increasing set of responsibilities; the benefits of being part of a rich society with a strong social protection system should be equally available to all regardless, and all sections of society should equally fulfil their responsibilities to contribute through their actions and financially to British society.

The vast majority of people in poverty are unable rather than unwilling to work due to barriers to getting into work and building livelihoods. These barriers, which add up to a lack of empowerment for people in poverty, may include lack of confidence, lack of information, poor skills, crime-high environments, the stigma associated with living in a poor neighbourhood and that of being perceived as work-shy. The government's commitment to ensuring access to public assets to support entry to work is positive, yet does not go far enough: for example, the programme proposes that disabled people be given the responsibility of looking for and building towards work but not the right to the support that they need to take up this work.

Oxfam is concerned about the broader issue of language and tone. The discourse of 'balancing rights and responsibilities' runs the risk of promoting negative images of people in poverty and entrenching their marginalisation. The over-emphasis on the responsibilities of poor people and the downplaying of government's role in empowering them to claim their rights panders to negative stereotypes. Inappropriate and stigmatising language was particularly evident in the reporting of the proposals for which the government must bear some responsibility. The confidence of people living in poverty and the attitudes they experience from institutions, employers and others can be substantial barriers to taking up services and opportunities which may help in exiting poverty. Government policy and action must not exacerbate these problems and indeed must challenge negative attitudes.

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<sup>4</sup> See Joseph Rowntree Trust work on the dynamics of poverty, and evidence of the cycles that people on the edge of poverty go through as they move in and out of insecure, low paid work, and the challenges this presents for self esteem, mental health, and financial security: *A review of poverty dynamics research in the UK*, Joseph Rowntree Foundation (June 2007)

<sup>5</sup> The latter suggestion is made by the Social Market Foundation in *Flexible New Deal: Making it Work* (September 2008)

Any approach to increase individuals' responsibility for employment and job-seeking must require an equal effort in ensuring that the state meets its own responsibilities and that individual rights can be claimed and exercised. For example, many people living in poverty report disrespect, mistakes and failing to receive the support they are entitled to from state agencies, particularly in the provision of benefits and employment services. Too often, benefits claimants receive the wrong amounts, have their payments delayed, wait too long for the changes in their circumstances to be reflected, are given inadequate or inaccurate advice, are treated inappropriately and have their circumstances not taken into account. The government's aspiration to achieve flexible, personalised public services must include the benefits agencies, Jobcentre Plus, HMRC and local councils providing housing benefit. To get into work, claimants have a right to personalised services that address their needs in the round, ensure that they maximise their income whilst out-of-work, and support their desire to work and fulfil their other responsibilities. This can be achieved by ensuring that all state-provided and other advisers dealing with claimants are trained to a high minimum standard, treat their customers with respect, are empowered to exercise discretion to and give appropriate, correct advice.

Oxfam believes that everyone has the right to a sustainable livelihood, whether the financial aspects be achieved through decent waged work or through social protection mechanisms or a through a mix of both; we therefore neither in principle nor in terms of practicality can support any extension of benefits conditionality that may withdraw financial support from people at the bottom of the income scale.

The over-emphasis on the responsibilities of people living in poverty, as enforced through benefit conditionality, is, for the poorest and those furthest from the labour market, likely to increase the levels of acute poverty and destitution, and, moreover, is of doubtful impact in increasing employment rates. In Wisconsin, as cited in DWP's own research, increased conditionality led to increased levels of absolute poverty,<sup>6</sup> and the wider experience of the various welfare reforms in the United States reveals no compelling evidence to suggest that conditionality has improved either employment and anti-poverty outcomes.<sup>7</sup> If the purpose of increased conditionality is to remove claimants from the benefits system, then time-limiting and sanctioning benefits may be effective, as the US experience is that many disappear from the rolls. However, many of those who have left benefits in the US do not subsequently re-emerge as employed, instead disappearing from the records and appearing to exist with no visible income. This demonstrates that the efficacy of sanctions regimes in raising the employment rate is limited whilst at the same time they may increase marginal subsistence and destitution.

If additional sanctions are adopted, discretion and flexibility to recognise individuals' particular circumstances must be built in, with at all times the emphasis placed on preventing hardship. Strong safeguards must be put in place to ensure that people in the benefit system – who the government acknowledges face particularly strong barriers – are not unduly and unfairly placed in hardship by the sanctioning regime. It is especially important to safeguard people with caring responsibilities or health issues - in particular, mental health issues - who may find it particularly difficult to comply with the work and activity requirements.

The proposal for compulsory full-time work programmes for those on JSA after two years is inappropriate. The DWP's own research shows that compulsory work programmes are least effective for those with multiple barriers to work, particularly those with mental ill-health, who precisely those most likely to remain out-of-work at the end of the Flexible New Deal process.<sup>8</sup> The imposition of compulsory work appears to be punitive; as it has been proven not to work in terms of supporting people into jobs, enforced participation is merely a sham and will penalise those who the system has failed. Action such as this risks further entrenching the view that people living in poverty are lazy and responsible for their own poverty, negative public and media attitudes which increase and exacerbate poverty in the UK. Neither Oxfam nor the UK government believes that people should work for a wage less than the National Minimum Wage; therefore it is worth considering whether those participating in this scheme should see their benefits increased so as to be the equivalent of the income earned from a full-time job paid at this rate.

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<sup>6</sup> *More support, higher expectations: the role of conditionality in improving employment outcomes*, DWP (July 2008)

<sup>7</sup> See for example a recent review of US welfare policy, which found mixed and convergent analyses of the success of welfare based on increased conditionality, but no clear evidence that it had been beneficial in anti-poverty terms: *Welfare Reform in the United States: Implications for British Social Policy*, Centre for Analysis of Social Exclusion, London School of Economics (April 2008)

<sup>8</sup> Department for Work and Pensions, Research Report No 533, *A comparative review of workfare programmes in the United States, Canada and Australia* (August 2008)

## 5. Recommendations

1. The government should adopt a holistic Sustainable Livelihoods Approach to anti-poverty policymaking, including placing value on non-financial assets and recognising the vulnerability context of many people living in poverty rather than setting welfare-to-work policies in isolation.
2. A long-term substantive revision and integration of the benefit and tax systems from a pro-poor, sustainable livelihoods perspective should be commissioned.
3. In the short-term, specific interventions should be developed to increase the flexibility and responsiveness of the benefit and tax systems, to make it more suited to the context of people's livelihoods. This should include:
  - a. an increased earnings disregard to allow people on benefits to undertake small amounts of work to build up their skills and confidence
  - b. a guaranteed and passported return to benefits for a specified period (for example, three months) for those returning to work in order to mitigate the risks to income predictability, especially in an era of short-term flexible contracts
  - c. greater flexibility around and extension of 'permitted work' rules
  - d. reducing the number of hours that must be worked before tax credits can be claimed.
4. Policies to increase the availability of appropriate employment should be pursued alongside policies to increase readiness and entry to work for those who are not in work.
5. Equality impact assessments of all proposed changes to the welfare system should be carried out, as legally required under the gender equality, race equality and disability equality public sector duties. These EQIAs should be publicly available alongside a statement of the action taken in response to them. In addition, subsequent monitoring and equality training (e.g. with respect to caring responsibilities) should be undertaken.
6. Helping people obtain sustained employment should be built into the incentive structure for Flexible New Deal providers. This should encourage and include support for people once they have entered employment to maximise the potential for sustainability.
7. The incentive structure for Flexible New Deal must be developed to capture outcomes (such as better health, increased confidence or skills and outcomes relating to caring responsibilities) that do not directly relate to employment but nonetheless represent aspects of livelihood building in addition to those valuing entry and sustention in employment.
8. The rights of people claiming benefits and accessing employment services to fair and respectful treatment, a maximised income and impartial and accurate advice should be recognised and services improved to meet these rights.
9. The additional benefits sanctions against those who do not participate in work or work-focussed activity proposed in the green paper should not be adopted. If additional sanctions are adopted, discretion and flexibility should be exercised in their application, particularly in the case of those furthest from the labour market.
10. The compulsory work programmes for those who remain on JSA after two years proposed in the green paper should not be adopted. If adopted, the hours worked should be paid at a rate equivalent to the National Minimum Wage.
11. The government should change the language it uses to talk about people living in poverty who are not in work or seeking work, challenging negative attitudes and stigma, and balancing talk of the responsibilities of all in society to our society with corresponding reaffirmation of the rights of all to an adequate income.

## 6. Further information

For more information, including extensive case studies gained from Oxfam's experience of working with people living in poverty in the UK, please contact Moussa Haddad, sustainable livelihoods policy officer, on [mhaddad@oxfam.org.uk](mailto:mhaddad@oxfam.org.uk) or 01865 472446.