

Open letter to MPs

15 February 2019

Protecting people and places in poverty from the risks of a no-deal Brexit

As organisations who speak with and support low-income families up-and-down the country every day, we know that many people are trapped in impossible situations; struggling to pay their rent or put food on the table for their children. As a country that believes in protecting each other from harm, this is not an acceptable situation.

There is widespread agreement that some level of economic and social disruption will follow Brexit, at least in the short term, and worst of all under a 'no deal' scenario. Low-income families will be worst affected, having already endured years of benefit cuts and freezes. The public services they rely upon are also under pressure due to the consequences of rising poverty. We need a new deal for low-income families to cushion the blow and this has prompted us to write to you.

Without pre-emptive action by the Government there is potential for the already shamefully high rates of poverty in the UK to worsen further in the face of price and income shocks. Analysis by independent social change organisation the Joseph Rowntree Foundation suggests that, even based on the Bank of England's projected inflation in the event of a smooth exit from the EU, persisting with the benefit freeze for another year will result in 10.7 million people, including children, in poverty missing out on £220 per year to help cover the increased cost of living, and 200,000 more people being swept into poverty. In the event of no deal, and potentially higher price rises, the impact could be more severe.

As the Secretary of State for Work and Pensions has stated, compassion should sit at the heart of our welfare system. We agree that it should act as a life raft for those suddenly plunged into poverty. We have previously identified a number of steps Government should take to reduce poverty in the UK. But three are especially important for helping to protect families from external shocks, and are particularly salient if the economy becomes more volatile after Brexit:

1. End the freeze. At the Spring Statement the Government should help low-income families by pledging to end the freeze on working-age benefits and tax credits a year early and ensuring housing benefit covers people's rents. The freeze was introduced in April 2016. Between then and November 2018, the cost of living for people on low incomes has risen by £900. Ending the freeze would protect families from any further increases in the cost of essentials. It is the right thing to do.

2. Reduce the five-week wait. The five-week wait at the start of a new claim for Universal Credit is simply too long to wait for families who have few or no savings. We are calling for the Government to reduce the wait to two weeks, so families receive a payment when they most need it, for instance if they lose their jobs or their hours are cut.

3. Many of the places which are most exposed to the impacts of disruption to trade are also often those which have been in the grip of poverty for decades. The Government should provide a stimulus package of support for jobs and skills that is ready to deploy immediately. It should target places across the whole of the UK that had weaker economic performance to begin with, and that see any deterioration in their employment rates or pay rates for those worst off.

In the coming days and weeks Parliament and the Government have some big decisions to make about the future of our country and the kind of society we want. That includes determining the extent to which we do or don't support each other in stormy times.

We do not take a view on the merits of Brexit or otherwise. But we are clear we must protect people, including families with children, on low incomes from any short-term economic shocks. We believe these are appropriate and just measures. It is incumbent on the Government to protect struggling families in their contingency planning. We would urge you to make these representations in your meetings with Ministers in the coming days.

If you would like support to raise these points, our respective organisations are happy to provide further briefings and urge you to please get in touch.

Yours sincerely,

Campbell Robb, Chief Executive, Joseph Rowntree Foundation

Julie Bentley, Chief Executive, Action for Children

Dan Kenningham, National Coordination Team, ATD Fourth World

Javed Khan, Chief Executive, Barnardo's

Alison Garnham, Chief Executive, Child Poverty Action Group

Anna Feuchtwang, Chief Executive, National Children's Bureau

Peter Kelly, Director, Poverty Alliance

Polly Neate, Chief Executive, Shelter

Emma Revie, Chief Executive, Trussell Trust

Alison Taylor, Director, Turn2us