

# Z2K

ZACCHAEUS 2000

## Minimum Income Standards.

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## Proposed amendments to the Child Poverty Bill.

### **“New Clause. Assessments of needs.**

The government shall have regard to assessments of the minimum weekly costs of a healthy diet, fuel, clothes transport and other necessities when deciding the levels of statutory minimum incomes which affect the wellbeing of children.”

### **New Clause . Safeguarding the incomes of pregnant women.**

Provision will be made in regulations to ensure pregnant women have sufficient income remaining to purchase an adequate diet, fuel, clothes, transport and other necessities after enforcement of their debts or fines.”

## Introduction.

Adam Smith wrote in “An inquiry into the causes of Wealth of Nations;

By necessities I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into without extreme bad conduct.

He would be disappointed to know that Z2K frequently meet cases in which people temporarily do not have enough money to purchase “the commodities

which are indispensably necessary to the support of life" because of faulty delivery if inadequate welfare, and that no assessment is made by government of those item "not strictly necessary to life but denote a disgraceful degree of poverty" in the UK.

British governments have never taken any assessment of human needs into account when settling the level of statutory minimum incomes; those which affect the wellbeing of children are the National Minimum Wage (NMW), unemployment benefits, and the unemployment benefits of women of child-bearing age.

Under the Children's Acts and the Chronically Sick and Disabled Acts local authorities are required to assess the needs of children but have no duty to provide them when local resources are inadequate.

The government has welcomed the research into minimum income standards undertaken by the Centre for Research in Social Policy (CRSP) at the University of Loughborough and by the Family Budget Unit (FBU) at the University of York on behalf of the Joseph Rowntree Foundation (JRF) but has not expressed or legislated for any commitment pay any attention to it when settle the level of statutory minimum incomes.

## **Part I**

### **A crucial example.**

The health of babies is determined by the healthy nutrition of women before and during pregnancy. Children's health is inevitably compromised when their mother's unemployment benefit aged 18-25 is £50.95 a week before and during pregnancy (to be increased to £51.85 in April 2010) and the JRF minimum food standard is £43 a week.

The damage done to the wellbeing of children by the relationship of poor maternal nutrition to grossly inadequate unemployment incomes in the UK is based on such overwhelming scientific evidence, and its correction is of such vital importance to the birth of healthy babies, and their subsequent health throughout life, that the issue should not be passed around government departments like a hot potato and then sunk with a faulty remit into a the Scientific Advisory Committee on Nutrition (SACN) which habitually does not comment on the economics of nutrition or on policy. SACN is to meet on the 13<sup>th</sup> January to discuss Maternal and Child Nutrition.

The remit given by the Department of Health does not include consideration of the affect of grossly inadequate incomes on a healthy diet for women before they conceive or while they are pregnant. The chronology of how this issue reached SACN is as follows.

25<sup>th</sup> June I wrote to Jim Knight MP, Minister of State at the DWP, raising the issue of poor maternal nutrition due to seriously inadequate unemployment incomes enclosing the evidence and proposing an amendment to the Child

Poverty Bill. I am attaching the scientific evidence from the Family Budget Unit and the Institute for Brain Chemistry and Human Nutrition.

The point being that the health of babies is determined by the healthy nutrition of women before and during pregnancy. Their health is inevitably compromised when their unemployment benefit aged 18-25 is £50.95 a week and the JRF minimum food standard is £43 a week at April 2009.

19<sup>th</sup> July. Jim Knight replied that he had sent the letter to Ministers at the DoH asking them to reply to me. Ministers at the DoH have no responsibility for the level of unemployment benefits.

I therefore asked the Child Poverty Unit at the DCSF to put me in touch with the person most likely to draft the reply to me from the Ministers at the DoH; they tell me I should write to the Head of Nutrition.

28<sup>th</sup> July. I send her the data on inadequate benefit incomes, with the nutritional research done for the JRF minimum food standard by Sian Burr a at York University and Professor Michael Crawford's brief from the Institute of Brain Chemistry and Human Nutrition on the dire consequences of poor maternal nutrition.

16<sup>th</sup> October she replies saying "It would be inappropriate of me to make any specific comment on the research documents you forwarded to me" and that she has forwarded it all to SACN – the Scientific Advisory Committee on Nutrition. The remit from the DoH to SACN says nothing about the damaging effect of a grossly inadequate income on a healthy diet of women before conception and during pregnancy. The letter to me stated.

The committee has been asked to identify opportunities for nutritional intervention that could influence the risk of disease in later life. Maternal and fetal child exposures identified fall in to several general categories and these are all being considered by the committee. The Committee aims to publish its report in 2010.

- i. Early size, growth and weight gain before and after birth.
- ii. Infant diet,
- iii. Maternal influences.

22<sup>nd</sup> October. I give oral evidence to the Child Poverty Bill Committee telling them about the inevitable dangers for children of poor maternal nutrition when a woman, aged 18-25 is paid £50.95 a week unemployment benefit and the JRF minimum food standard is £43.00 a week. I reported that the issue has been sent by the DWP to the DoH and then on to SACN

3<sup>rd</sup> November. Letter from Jim Knight telling me that officials had failed to send my letter of the 25<sup>th</sup> June to Ministers at the DoH but it had now gone to them; he apologised for their oversight. I have not yet heard from Ministers at the DoH.

3<sup>rd</sup> November. Steve Webb MP, a Professor of Social Policy, repeats my evidence to the committee in a debate about an amendment which has been tabled for Z2K by Graham Stuart MP; at my request he withdrew the

amendment after the debate because the Government whips would have defeated it. Steve Webb said;

“When we heard evidence, it was pointed out that a young woman under 25 is allocated £50.95 a week to live on, but evidence suggests that £43 a week is needed for food for a decent, healthy living standard. Fuel and other bills cannot be paid from the remaining £7-odd, so young women in that age group who are on benefit are, by definition, eating less than is healthy for them. If they then become pregnant, they will at that time have been eating unhealthily. Budget standards and minimum income standards would enable us to consider what such young women need for a decent standard of living, and to make that the benchmark. Fiscal considerations would determine whether we hit the benchmark, but not knowing what the benchmark is unacceptable and inexcusable.”

17<sup>th</sup> November. I then receive a letter from Stephen Timms MP, Financial Secretary at the Treasury and responsible for the Child Poverty Bill, writing for himself and Jim Knight about minimum income standards which makes no mention of inadequate benefits or poor maternal nutrition.

On the 25<sup>th</sup> November I received the following advice from Prof Jack Winkler Director, Nutrition Policy Unit, London Metropolitan University.

You know that I support your efforts to get poor people sufficient money to buy healthy food. I share your view, and Michael Crawford's, that an adequate income is critical to improving the health of pregnant women and their children.

I have read numerous reports by SACN and its predecessor, COMA. Their sections on policy are always short, if they exist at all, and especially they almost never engage with the economics of food. Recent SACN reports that I have been involved with have, indeed, said nothing at all about policy, much less money.

Therefore, as a practical matter, I suspect SACN will avoid including incomes in its consideration of maternal nutrition, on some rationale or other.

## **Part III**

### **The Child Poverty Bill and Mental Health Problems.**

Regulations should be written to ensure that pregnant women have sufficient income left remaining to purchase an adequate diet, fuel, clothes, transport and other necessities despite their debts.

The work of Professor Michael Crawford at the Institute of Brain Chemistry and Human Nutrition has shown that poor maternal nutrition at conception and during pregnancy leads a to substantially increased risk of developmental brain disorder in her children. It is impossible for a woman aged 18-25 to buy an adequate diet and all other necessities in this expensive economy with an unemployment benefit of £50.95 a week – sanctions and the repayment of inevitable debts worsen their poverty..

Dr Jo Nurse, Head of Mental Health Services at the Department of Health has reported,

“The wider cost of mental health problems are estimated to cost the country £77 billion a year, mainly due to people with stress related and mental health problems being unable to work. This compares with Treasury spending on the NHS as a whole of £76 billion in 2005-6. (ODPM, 2004);

We hope Peers will bear in mind this escalating cost of mental illness in the UK and the relationship with debt which is inevitably exacerbated by the inadequate level of unemployment benefits and of the national minimum wage, all of which are below the government’s poverty thresholds. Increasing unemployment benefits to a level which will provide minimum needs would save money by preventing mental illness.

The cycle of debt and mental illness is confirmed in the e-mail we received from Dr Andrew McCulloch Chief Executive, The Mental Health Foundation and The Foundation for People with Learning Disabilities;

“Thank you for your recent letter. We share your concerns about debt and the way it is handled especially during recessions. There is strong evidence to show that debt is a cause of mental health problems.”

We had expressed our concerns to him from the point of view of our work with vulnerable and impoverished debtors. Also the Government Office for Science has reported in ; “Mental Capital and Wellbeing; Making the Most of ourselves in the 21<sup>st</sup> century”,

“There is a strong case for Government to work with financial organisations and utility companies to break the cycle between debt and mental illness. Recent research has indicated that debt is a much stronger risk factor for mental disorder than low income. A range of possible interventions are suggested: beginning with better training for teenagers in managing finance; greater awareness of the link between mental health and debt by banks and financial institutions; and measures by utility companies to handle arrears better.”

We add; if that is true with financial organisations and utility companies then it is also true with the administrators of welfare. If we add the bailiffs enforcing rent, council tax and fines against inadequate incomes plus court’s and bailiffs’ fees, and despite bureaucratic error, adds to the incidence of mental illness. Lone parents with children in their homes are particularly stressed when a male bailiff or two threaten to break in, under new laws allowing them to do that, to enforce, say, a fine for no TV license.

Dr Jo Nurse, Head of Mental Health Services has also reported that mental health problems are common;

1 in 6 the adult population experiences mental ill health at any one time.

10% of children have a mental health problem, many continue to have mental health problems into adulthood.

10% of new mothers suffer from postnatal depression.

19% of women and 13.5% of men are affected by depression or anxiety at any one time.

Half of all women and a quarter of men will be affected by depression at some time in their life and 15% experience a disabling depression.

4% of population has a personality disorder.

1% of population have a serious mental health problem.

## **Part III**

### **Statistical background.**

It should also be noted that MPs on the Child Poverty Bill were unaware that they were debating poverty in the context of false statistics given them by the House of Commons library.

#### **Helen Goodman, Parliamentary Under Secretary of State DWP. Debate on Z2K amendment, 3 November.**

*The situation is complex. I suspect that the hon. Gentleman tabled the new clause before research was done by the Library. He had anticipated that all the (Hansard Column number: 361) benefit levels were below the relative poverty threshold. He is smiling, so I know that I have hit the point. As the hon. Gentleman said, for a lone parent with one pre-school age child, the threshold is £205. The benefit is £235, so that family are above the threshold.*

#### **Z2K queried these figures in a fax to the House of Commons Library and to Steve Webb MP; the following revision was then issued by the House of Commons Library to Steve Webb MP.**

*The original figures I sent have continued to bother me, especially since the Rowntree work shows lone parents falling below HBAI poverty lines on maximum benefit income. Hence I asked my colleague Stephen Kennedy in our Social Policy Section the check whether I was drawing on the correct entitlements from the tax benefit model tables. Stephen has pointed out that although a separate figure is published for IS child premium and Child Tax Credit if you include both then you are double counting - ie those getting child premium do not get child tax credit.*

*The upshot is that the original table I sent has overestimated the benefit income. I've revised the figures and now include the revised table below. Please accept my sincere apologies for making this error and I'm very sorry if it has caused you any confusion in your work.*

#### **UK median income poverty lines and minimum income from benefits by household type, 2007/08**

*£ per week*

	Poverty line income threshold (60% median)		Minimum income from benefits		Minimum income distance from poverty line	
	BHC	AHC	BHC	AHC	BHC	AHC
Childless couple	236	199	162	93	32%	53%
Single individual	158	116	123	59	22%	49%
Couple, one child (aged <11)	283	239	235	158	17%	34%
Couple, two children (aged <11)	361	323	306	218	15%	32%
Lone parent, one child (aged ,11)	205	155	196	125	-4%	20%
Lone parent, two children (aged <11)	283	239	256	185	10%	23%

Sources: DWP, HBAI 2007/08, tables 2.1ts,

DWP, Tax Benefit Model  
Tables 2007/08

In the table below I have worked out the annual shortfall from the 2020 targets which are underestimates. I have shown the 2009/10 benefits and the 2006/7 targets; by the time we can compare 2009/10 benefits with 2009/10 targets the targets will have increased because the highest incomes have increased much faster than the lowest which are static.

It should also be noted that the government headline number of children in poverty, which is always given to the press, is called BHC, before housing costs have been deducted; by this measure there are 2.9 million children in poverty. The true measure of poverty is the money left after rent and taxes have been paid called AHC which has to pay for food, other necessities and pay off debts; by this measure there are 4 million children in poverty.

### **Current Shortfall from 2020 target**

Unemployment benefits at APRIL 2009

60% median income 2020 target as at 2006/7

£ per week.

ALL AHC	AHC	Benefits	Shortfall from target	Shortfall from target
Over 18	Threshold	Actual	actual less threshold	Per annum
£pw				£ pa
Childless couple	199	100.95	-98.05	-5099
Single individual	116	64.30	-51.70	-2688
Couple 1 child	239	174.36	-64.64	-3361
Couple 2 children	323	230.47	-92.53	-4812
Lone parent 1 child	155	137.71	-17.29	-899
Lone parent 2 children	239	193.82	-45.18	-2349
Single adult 18-25	116	50.95	-65.05	-3383

Source House of Commons Library and DWP.

## **PART IV**

### **Arguments used by government against minimum income standards.**

**Government arguments in bold;** followed by Z2K replies. The governments points have been taken from the Hansard report of the debate in the public Bill committee on the Z2K sponsored amendment about minimum income standards on November 3rd.

**The Government have consulted extensively on the long-term measure of child poverty. Minimum income standards were ruled out because different research**

**methods tend to make different assumptions and it is difficult to get one answer to the simple and single question: how much income is enough?**

Steve Webb MP replied

“The Government offers two conflicting arguments. One is that there would not be minimum income standards because people would disagree on how to set them, and the other was that she did not want to commission research because the Joseph Rowntree Foundation has just published robust research. If we could not have statistics because people disagree on how to obtain them, we would not have the Bill because there are plenty of variations in the figures that we have. That is not a credible argument.”

The proposed Z2K amendment requires government to take assessments, perhaps several, of the costs of necessities into account. An accepted procedure is to triangulate the results of several researches. This was done by the Greater London authority to decide the level of the living wage for London.

**“We are committed to ensuring that the tax and benefits system provides adequate financial support. Families in the poorest one fifth of the population are £4,750 a year better off (as a result of personal tax and benefit changes since 1997.)”**

Aerial photographs of this kind do not help the public understand the depth of poverty in the UK. It ignores the seriousness on the ground of the poverty of children and their parents receiving the levels of AHC incomes set by the government, after rent and council tax have been paid; the income of an unemployed couple with two children is £4812 a year AHC below the government’s poverty threshold. It also ignores the fact that there was income to be made up in 1997 because AHC incomes of the poorest 10% fell in real terms from 1979 to 1994. The Acheson Inquiry into Inequalities in health reported in November 1998;

*“Average incomes grew in real terms by about 40 per cent between 1979 and 1994/5, but this growth was far greater (60-68 per cent) amongst the richest tenth of the population. For the poorest tenth average income increased by only 10 per cent (before housing costs) or fell by 8 per cent (after them).”*

It also ignores the Joseph Rowntree Foundation AHC Minimum Income Standards published in July 2008 shown in the attachment. The unemployment benefit, and AHC income, for a couple with two children is £132.44 a week below or £6886 a year below the JRF minimum income standard and £89 a week or £4628 a year below the government’s poverty threshold.

The adequacy based London Living wage is currently £7.60 an hour including benefits and paid to 5500 cleaners and hotel workers, with holiday and sick pay, injecting £25 million into the London economy; but the National Minimum Wage at £5.80 an hour is paid without holiday pay or sick pay, if it is paid at all; enforcement of the NMW is weak.

**Benefits are linked to various indices. For example, at present, jobseeker's allowance is linked to the retail prices index, housing benefit is linked to the Rossi index, child benefit has gone up 25 per cent. in real terms since 1979, and child tax credit was increased by £75 above the earnings index in 2009. We have in statute various indices to which benefits are linked in order to achieve various policy objectives. Obviously, one of the key policy objectives since 1999 has been raising the standard of living for families with children.**

Again aerial photographs do not help understanding of the reality of poverty on the ground by the press or by the public, who will never understand the Rossi Index.

The public will never understand the statistical targets let alone believe them; until all political parties spell out the reality of poverty on the ground, rather than in the aerial photographs of the statistics, a very large proportion of the population will continue to deny poverty exists in the UK. The deprivation index may well tell the government that a large number of people cannot afford a holiday but nothing about how much it would cost a family to put that right.

**Another factor that we need to take into account is passported benefits. Obviously, the calculations to which the hon. Member for Northavon refers do not take account of the value of passported benefits, such as free school meals.**

Nevertheless passported benefits are and can be taken into account in settling minimum income standards. Whether free school meals are taken up depends entirely on the tact with which the school provides the meal; some school's procedures identify the poor children to all the other children because everyone knows they get free school meals, to their intense embarrassment. Anything that has to be applied for leads to a take up problem; there is no guarantee that passport benefits alleviate poverty. The fact remains that no British government has ever assessed the weekly cost of the minimum needs of parents and their children.

**For example, we introduced the health in pregnancy grant and the Sure Start maternity grant.**

The Health in Pregnancy Grant has to be applied for after 25 weeks of pregnancy, so inevitably there is yet another "take-up" problem for 20% of pregnant women who are eligible, they don't apply; and it is 25 weeks too late to ensure women are adequately fed before conception and in early pregnancy.

This grant was introduced without any assessment of its adequacy; a pin in a number? It is a one off grant of £190. Assuming a 38 week pregnancy that is the equivalent of £14.60 a week for 13 weeks, which added to £50.95 makes £65.55 a week – which is less than half the 60% of the median poverty threshold. The equivalent JRF minimum income standard for a single adult is £144 a week; which may well be the price of healthy babies and parental wellbeing after women or couples have paid rent and council tax both in and out of work.

**Government emphasises the additional support for families with disabilities, the implications of housing benefit and the differences between tax credits, and ask people to accept their our record, which is one of not only indexing benefits but, when opportunity allows, raising them and improving the relative position of such families. One of the crucial aspects of the Bill is that it must be based on a growth strategy for the economy. Once the economy is growing, it will, of course, be easier to be more generous with benefits—something that will remain open to us.**

Again there is no assessment of needs done by government as to whether the additional support for people with disabilities actually covers the additional cost, or has to be paid for in part out of poverty level unemployment benefits. May I emphasise that if the Local Housing Allowance is set at the wrong level for some families some of the rent is being paid out of the benefit, which is already below the governments poverty threshold, so is Provident Plc's interest of £260 on a £400.

Bureaucratic errors are diminishing the poverty level AHC benefits with rent arrears, council tax arrears or tax credit overpayments, making pathways to work full of inadequate incomes, stress and mental illness. Many are forced into the hands of Provident for a crisis loan because the Social Fund Crisis Loan phone number fails to answer 55% of the calls. (See Social Fund Commissioners Annual Report October 2009). Poverty is always worse than the statistics.

**We must also recognise that many aspects of the benefits system are designed to provide short-term support in response to changing circumstances, such as short-term unemployment rather than long-term sources of income.**

The government should note how far below the European levels of short term support are the UK unemployment benefits.

OECD 2006 – replacement rates for family types in the initial stage of unemployment 100% of Average Wage.

	Single person No children %	Lone parent 2 children %	One earner Married couple 2 Children %	
Denmark		62	75	74
Finland		53	77	75
France		67	67	67
Germany		61	70	73
Netherlands		69	70	74
Norway		63	77	69
Sweden		61	77	69
United Kingdom		40	59	52

**In advising the Government on their strategy, the child poverty commission will be completely free to make a full exploration of the minimum income**

**guarantee. The Government would be perfectly happy for it to do so when it is formulating its advice on the strategy to the Secretary of State.**

This statement settles nothing for a long time if ever, it follows a string of negative arguments and fails to take account of the current urgency about inadequate maternal income and nutrition.

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