



c/o Child Poverty Action Group
30 Micawber Street
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The Rt Hon Theresa May, MP, The Prime Minister
10 Downing Street
London SW1A 2AA

14 September 2017

Dear Prime Minister

Financial security: three proposals for the Autumn Budget

As organisations working closely with, and on behalf of, the many families and individuals facing financial insecurity we welcomed your address to the Charity Commission's annual meeting in January, in which you pledged that your Government would help the most disadvantaged, give a fair chance to those who were just getting by, and create a system that enabled people to share in Britain's prosperity. We also welcomed your commitment to confronting burning injustice and unfairness in Britain.

Creating a society that protects the vulnerable and shares the rewards of prosperity is an urgent national challenge. To that end, we have come together to share our collective experience and expertise and this letter presents three specific policy proposals which will:

- make work pay;
- fix universal credit;
- help incomes to rise in line with living costs, so nobody is priced out of Britain's economy.

If included in the Autumn Budget, the three proposals we make will enhance the Government's reputation, prevent households across the UK from being tipped into debt, and help provide financial security for all.

Conversely, you will be aware of concerns raised by various organisations about outcomes if action is not taken to loosen the squeeze on living standards. In June, Amit Kara, head of UK macroeconomic forecasting at the National Institute of Economic and Social Research, predicted inflation would continue to rise, and said: "This spike in inflation will exert further downward pressure on real household disposable income, at a time when wage growth remains modest, and in turn squeeze consumer spending."

The *Daily Mail* has similarly noted the squeeze on family finances, and the Children's Society has said that more than seven million children will be affected by the continued freeze on Child Benefit and other social security payments such as Local Housing Allowance. The *Financial Times*, in commenting on the IFS finding that changes to the social security/benefits system will leave 1 in 7 people with a lower income in five years' time (*Living Standards, Poverty and Inequality in the UK: 2016-17 to 2022*), encouraged Ministers to pause for thought.

The Autumn Budget provides an opportunity to address the squeeze on family finances, to make work pay, and to fix problems in the rollout of Universal Credit. We make the following three proposals.

1: Make work pay: restore the work allowance

Making work pay is a key aim but can be undermined if cuts to support are too quick and too deep. In your address to the Charity Commission in January, you noted that life for many working class families was harder than many in Westminster realised. This is undoubtedly the case, and restoring the work allowance thresholds would help to redress this and ensure Universal Credit fulfils its potential.

2: Ensure the successful roll-out of Universal Credit: pay UC after two weeks

It is evident that the roll-out of Universal Credit is facing a number of difficulties. Many recipients have reported delays of six weeks or even longer, in receiving their first payment. Most people would struggle to last six weeks with no income. When that happens to people already struggling, and without warning, the resultant problems are more severe. People are tipped into debt or destitution, forced to turn to food banks, suffer increased mental health problems, or find it harder to pay rents, as noted recently by the Residential Landlords Association.

This was never the intention behind Universal Credit, but these experiences threaten the reputation of the project. The Government should reduce the maximum waiting time for payment to two weeks to prevent these avoidable problems.

3: Ensure incomes progress in line with living costs: relax the freeze on Child Benefit and other social security payments such as Local Housing Allowance

For many people, prices and unavoidable costs are rising rapidly, while incomes are not. Projections by CPAG show social security payments rising by 3% between 2012 and 2019, while prices will have risen by 12%. Millions of families, whether in or out of work, risk being further squeezed financially. Government can help by relaxing the freeze on Child Benefit and other social security payments.

The three proposals we make would ease the strain on millions of UK households and help your Government deliver on its determination to help those facing financial insecurity. Given our expertise and understanding of the realities facing individuals and families, plus widespread concern about growing financial insecurity, we would welcome an opportunity to meet with you to discuss these three proposals further.

Yours sincerely,



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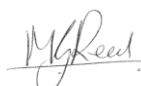
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CC: The Rt Hon Philip Hammond, MP, The Chancellor of the Exchequer