SPAN COMMENT ON THE OSBORNE SPENDING REVIEW OF 2010

The Spending Review announced by the Chancellor George Osborne on 20th October 2010 cuts the Welfare Budget by 7 billion pounds a year by 2014-15 which together with the 11 billion cut announced in the June Emergency Budget adds up to a cut of 18 billion. The total welfare budget is £200bn per year.

A regressive spending review

The Government presented this review as progressive and argued that this reform will not increase relative child poverty in the next two years. And yet Families with children are the biggest losers according to the Institute of Fiscal Studies calculations on the total £18bn cut for the period up to 2015. The cuts planned for 2014-2015 are particularly regressive therefore likely to increase child poverty. What is more single parent families are to loose out the most from the cuts in public services (excluding benefits and tax credits) according to the TUC.

In fact benefit and tax credits cuts will make it harder for single parents to make work pay. This government plans to move single parents with children as young as 5 into employment, and yet the freezing of working tax credit, a reduction of 10% in help with childcare costs and the abolition and devolution of council tax benefit will make it even harder for a single parents to make work pay. Recent DWP commissioned research shows that many single parents do not believe that they will be better off in work. Indeed 29% of single parents in part-time work are poor. Expensive childcare and housing, low human capital and no immediate right to request flexible work trap single parents in low-paid employment. For many single parents childcare is already unaffordable, the reliance on market provision has increased the cost of childcare, which are amongst the highest in the developed world. Gingerbread has calculated that a single parent working part-time in London with a three year old child will have to spend an additional £500 a year on childcare.

Indeed sustainable employment will become an even harder feat for single parents. Single parents are twice as likely to cycle back to welfare, and one of the key factors associated with cycling is low pay. The benefit cap and the cuts to working tax credits and council tax will make it harder for single parents to move and stay in employment. Financial security when moving into work is paramount to single parents. Government plan for a universal credit is aimed at increasing that security and yet the devolution of council tax runs counter this objective as it risks creating a postcode lottery. It certainly run counters the simplification of the benefit system.

Unfortunately we are also likely to see increase housing transition amongst single parent families. The capping of benefits to £500 a year and the abolition and devolution
of council tax benefit together with the previously announced 10% of housing benefit for those who have been on JSA for a year, could result in more frequent housing transition for single parent families and particularly those living in privately rented accommodation and in London. Last but not least even if the make up only 2% of single parents teenage mothers are in need of support. The abolition of the Education Maintenance Allowance will come has a hard blow to those teenage mothers who want to invest in their future while caring for their young children.

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iv Giullari and Shaw M (2003) Teenage parents and housing need, South West Public Health Observatory, Bristol