

A photograph of a protest. In the foreground, a cameraman is filming. Behind him, several people are holding signs. One prominent sign says "RAISE RATES NOW!". Other signs are partially visible, including one that says "I NEED...". The background shows a street scene with trees and buildings.

Ontario's 100-day ODSP/OW review: A word of warning from UK Conservative welfare reforms

In the most recent Ontario Liberal budget, almost one million social assistance beneficiaries were promised a small rate increase of 3 per cent, set to take effect in fall 2018. However, while announcing a 100-day review of social assistance, the new provincial government pledged to cut the rate increase in half, to 1.5 per cent. Low-income workers, single parents and people with disabilities will be among the hardest hit by the cuts.

Ontario Works (OW) and the Ontario Disability Support Program (ODSP) already trap many recipients in poverty. By cutting the rate increase, the government will ensure that vulnerable recipients have to make difficult decisions about their budgets. The new ODSP rate is \$17.50 less than what had been legislated by the previous government, it is money that could have paid for basic necessities such as food, transit and medication.

The government has also paused or revoked a number of other initiatives which were likely to make life easier for OW and ODSP recipients, including an increase in the amount of employment income that can be earned without impacting social assistance payments, an increase to TFSA and RRSP savings limits; and increases to limits on assets, as well as other initiatives.

With the review wrapping up in November, social assistance recipients are rightfully anxious about what it means for them. Many OW and ODSP recipients already have little disposable income and do not have the ability to respond to the income shocks that will come as a result of further cuts. Despite promising that the review will not involve moving to a workfare system, the provincial government has repeatedly hinted at its intention to force people into work. Minister of Children, Community and Social Services, Lisa Macleod said, "*The best social program is a job, for those who can get one*".

This view was echoed by Premier Doug Ford: “*The best way to help people out of poverty is something called a job*”.

These statements show a misunderstanding of the fact that many people are unable to work, not through choice but because they cannot work due to health issues. It also fails to address the issues with the current social assistance system, which can often act as a deterrent to finding employment due to the complicated requirements related to earning an income while receiving benefits, for example.

ACORN members are concerned about what will emerge from the government’s 100-day review. We can look to other countries with Conservative leaders to imagine what the Province’s reforms could look like. In recent years, the UK has implemented a series of social assistance reforms which have contributed to a 169% increase in homelessness since 2010¹. Similar reforms could be disastrous for low-income Ontarians.

“ACORN is a community union; we represent and fight for our members’ interests. If the welfare reforms introduced by the British government had been good for people in our communities, then we would have supported them. But our experience has been that they have been disastrously bad.” *Bristol ACORN member Tin Hinson (UK)*

Here, we outline some of the issues with the UK system.

Universal Credit

Universal Credit is intended to streamline six main benefits into one monthly payment, while allowing people to claim assistance whether they are in or out of work. However, a combination of IT and administrative issues, cuts, as well as the negative impact the system has had on many vulnerable recipients, has led politicians and the wider public to call for its rollout to be halted.

“In its eagerness to ‘make work pay’ and simplify the benefits system, the UK government created a benefit which has caused considerable hardship.” *Bristol ACORN member Patrick Graham (UK)*

Universal Credit is paid in arrears, so recipients need to wait five weeks for their first payment. However, more than one fifth of claimants do not receive their full payment on

¹ www.homeless.org.uk/facts/homelessness-in-numbers/rough-sleeping/rough-sleeping-our-analysis

time². People are being left with no money to survive. The UK government's own research has shown that 40 per cent of recipients experience financial difficulties within the first nine months of receiving Universal Credit³. Many people struggle to move to a monthly income. In addition, over 2 million low-income families are at risk of losing £1,600 (over \$2600) per year as a result of the new system, and almost 75 per cent of tenants who receive Universal Credit are in rent arrears, taking up to two get back on their feet⁴. In communities where Universal Credit has been in place for 12 months, food bank usage has increased by more than half⁵.

However, these issues assume that claimants are able to apply for Universal Credit to begin with. The online application has been plagued by security issues, while claimants without adequate digital literacy skills have faced barriers to applying for the program. Almost one third of claimants reported having difficulties applying online⁶.

Despite the promise of a more cost-effective system that gets people into work, the UK government has been unable to provide evidence that more people will enter employment as a result of Universal Credit, while a recent report has indicated that Universal Credit is expected to cost £7.1 billion more than the existing system in the next five years⁷.

Forcing vulnerable people to work

The UK government set the same tone as Ontarians are hearing now from the provincial government. Cuts in benefits have been justified by the government promoting employment as an alternative. The UK's Work and Pensions Secretary, Esther McVey said, "*If those people can work, what they will be losing is benefits, but what they have got now is work. Work will be paying. Their wage will be increasing.*"

The UK's system combines voluntary and mandatory work programs. Failure to comply with work requirements can lead to benefits being stopped or withheld. Despite this, only 1 in 10 people were supported into employment through the UK's work program,

² www.publications.parliament.uk/pa/cm201719/cmselect/cmpublic/1183/118302.htm

³ assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf

⁴ www.housing.org.uk/press/press-releases/flawed-universal-credit-causing-debt-hardship-families-in-social-housing

⁵ www.trusselltrust.org/what-we-do/research-advocacy/universal-credit-and-foodbank-use/

⁶ assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf

⁷ www.insidehousing.co.uk/news/universal-credit-predicted-to-cost-more-than-existing-benefits-system-58849

between 2011 and 2013⁸. The initiative has consistently missed targets set by the government. In fact, research has shown that many participants would have been more likely to find work if they had not been involved in the work program.

“Coercive welfare reforms push claimants into desperate situations, they design in insecurity as a way of incentivizing people to take up work. This leads to terrible social problems in and of itself, but it also has a knock-on effect reducing employers’ need to provide decent wages and conditions to keep hold of staff.”
Bristol ACORN member Tin Hinson (UK)

What has emerged from the UK is a system that makes it harder to claim benefits for being unemployed, which has forced many workers into low-paid, precarious work.

Sanctions

Between 2010 and 2015, almost a quarter of UK Jobseeker’s Allowance (similar to OW) recipients were sanctioned⁹, meaning that their payments were stopped or withheld as punishment for minor infringements, such as missing an appointment. It was revealed that staff were under pressure to meet targets on the number of people they sanctioned, in a bid to get people off of social assistance¹⁰.

People with disabilities are disproportionately impacted by sanctions in the UK, facing one million sanctions in less than ten years. They are up to 53 per cent more likely to receive sanctions than recipients without disabilities¹¹. Research has shown that sanctions fail to motivate recipients to find work, but lead to stress and anxiety that can affect health and have a negative impact on recipients’ ability to find work¹².

Work Capability Assessments

Work capability assessments are often championed as a way to reduce fraud, by ensuring only those who are eligible for benefits receive them. Benefit claimants are

⁸ www.telegraph.co.uk/news/politics/spending-review/10146659/5bn-Work-Programme-worse-than-doing-nothing.html

⁹ www.nao.org.uk/report/benefit-sanctions/

¹⁰ www.theguardian.com/politics/2011/apr/08/jobcentres-benefits-sanctions-targets

¹¹ www.demos.co.uk/wp-content/uploads/2018/02/2018_A_Better_WCA_is_possible_FULL-4.pdf

¹² data.parliament.uk/WrittenEvidence/CommitteeEvidence.svc/EvidenceDocument/Public%20Accounts/Universal%20Credit/written/86299.html

assessed on whether they are “fit for work”. However, in the UK this work has been outsourced to private companies which are overstretched, and often lacking the compassion and expertise required to deal with the complex physical and mental health issues experienced by claimants. Those found fit for work can have their benefits sanctioned, reduced, or be faced with stringent job search requirements. The system is marred by errors: almost two-thirds of denied claims are overturned on appeal¹³. Beyond the huge costs associated with this inefficient system (£108.1 million was spent on staffing and appeals from 2015-2018), the process is also burdensome for claimants and causes unnecessary stress. Data from the UK’s National Health Service reveals that 43 per cent of claimants who are in the work capability assessment process have attempted suicide¹⁴.

Learning from the UK

The Ontario government can learn from the UK. A punitive system that focuses on cuts and work requirements without meeting the needs of recipients is inefficient and costly to government, and also has a devastating impact on the most vulnerable community members. People are dying as a result of social assistance cuts.

“The UK government may have been over-ambitious with its welfare policy and any government attempting something similar in the future should think carefully before trying such widespread reform.” *Bristol ACORN member Patrick Graham (UK)*

“The biggest lesson that we have learned from our experience of welfare reform is that it is so important not to allow a narrative to develop where the interests of welfare claimants are set against those of workers.” *Bristol ACORN member Tin Hinson (UK)*

A 100-day review of social assistance does not give the government adequate time to consult with experts and community members who will be impacted by the reforms.

ACORN members call on the government to halt any cuts to social assistance rates and conduct meaningful engagement with community members before implementing any reforms.

¹³ www.publications.parliament.uk/pa/cm201719/cmselect/cmworpen/829/82908.htm#_idTextAnchor034

¹⁴ www.files.digital.nhs.uk/publicationimport/pub21xxx/pub21748/apms-2014-suicide.pdf

www.acorncanada.org

