

Open Letter to the Prime Minister, the Rt Hon David Cameron MP

Rt Hon David Cameron
10 Downing Street
London
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5 March 2012

Dear Prime Minister

Please prevent 18 months of severe hardship for working families

We understand the need to cut the deficit, but it should always be done ensuring that:

1. Work always pays more than being on benefits
2. Couples are not discriminated against and that parents should not be penalised if they stay together.
3. Child poverty is reduced.

We therefore call upon you to postpone the change to tax credits due on 6 April that will require couples with children to find up to 8 extra hours of work a week.

Over 212,000 couples with 470,000 children will be affected. Most families in this situation have total household income of around £17,000. If they cannot find extra work, the loss of £3,870 will cause these families severe hardship and there will be a surge in child poverty.

When this policy was announced in November 2010, the OBR were predicting 2.1% growth in 2011 and 2.6% in 2012, with unemployment much reduced. However, in the main sectors where staff work part-time – retail and services – extra work is currently not available and, with high unemployment, there are no alternative jobs. Employers say they cannot offer all the extra work required and 80% of couples affected say they cannot find the extra work they need.

This policy will not provide long-term fiscal benefit to the Government. In October 2013 families will transfer onto Universal Credit which will provide financial support, with incentives to work up to 35 hours a week wherever possible.

However between April 2012 and October 2013, the loss of Working Tax Credit of £3,870 will force thousands of families into poverty and debt, with long-lasting effects.

During this period, many couples with children would be better off by giving up work and going onto benefits or by splitting up. This cannot be right. It could also completely negate the savings that the Treasury had hoped to make.

The very short-term benefit to the Treasury from the loss of Working Tax Credit to these families is surely not worth the long-term effect it will have on them and their children.

In light of the evidence now coming forward that employers are not able to offer additional working hours to so many of the couples affected and that alternative employment is not available, we call upon you to postpone this change and to allow a smooth transition from tax credits to Universal Credit that does not penalise hard-working families.

Yours sincerely

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Chief Executive, Barnardo's

Emily Holzhausen
Director of Policy and Public Affairs, Carers UK

Alison Garnham
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