

Universal credit and better incomes

Yesterday Labour organised another debate on Universal Credit.

The idea behind the reform is to simplify the complex benefits system, ensure financial support for those who need it, and to make it easier to get into work. Labour used to support the general aims of the reform, but they now want to slow down its implementation.

The government reports that people find faster routes into work from Universal Credit which is designed to make it always worthwhile working. They estimate another 250,000 getting into work as Universal Credit is rolled out.

Universal Credit provides a basic income for those out of work, and tops up incomes of those in lower paid work. It gives people more if they have children, if they are disabled, and if they need help with housing costs. The aim is no-one in our society should be unable to afford normal living costs, ending up homeless or cold or hungry.

Promoting work helps people achieve higher incomes. Benefit is withdrawn in a way which leaves people better off as they work more hours or take on better paid work. There is every incentive to get a job, get a better job and move to full time working from part time employment. Labour are right to speak out for people who are stuck in low pay employment or in underemployment. The government shares their wish to help people move into something better, and supports the aim of giving them benefit to top up inadequate incomes.

The best way to raise living standards is to help, mentor and train people so they can get into better paid work. Quite often it is easier to get into better paid work from less well paid work, or into a full time job from a part or contract job. That is why we need a benefit top up system that is flexible and helps people when they have need of financial support. A growing economy, and an economy that is thriving with growing companies in new and advanced areas of work, is the best ally of getting people higher living standards.

Meanwhile there have been some welcome improvements in the scheme following lobbying and consultation. More money will be made available earlier for claimants, with the 7 day waiting period going in February. Claimants will be told the housing component in any benefit they receive can be paid directly to landlords if they wish. Interest free advances of credit will be available to new claimants, as it is paid monthly in arrears.