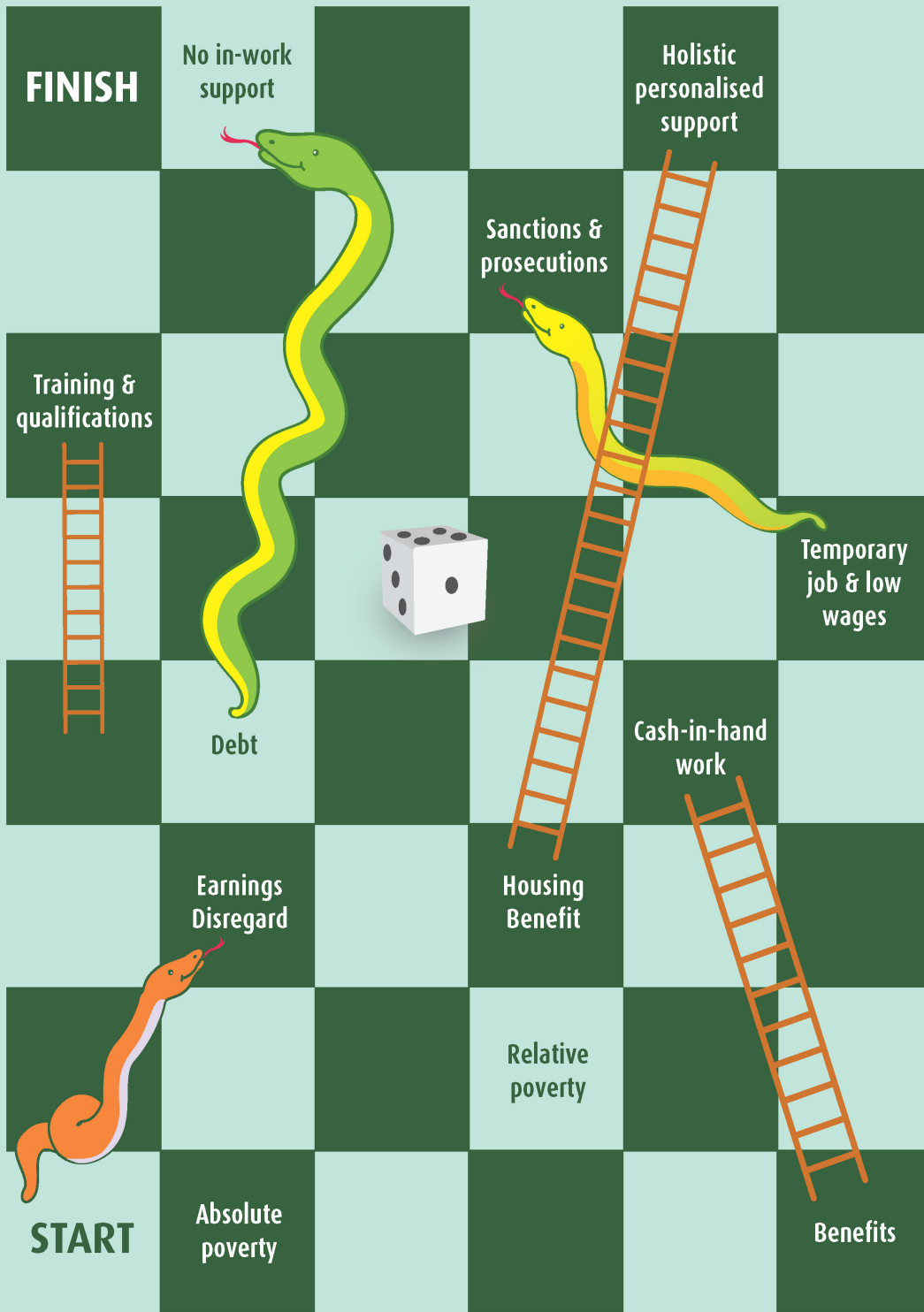


NEED
NOT
GREED

Policy Recommendations



Need NOT Greed Campaign Policy Proposals: Out of cash-in-hand work and out of poverty

The Need NOT Greed Campaign is calling for a clear and holistic strategy across government to address the UK's informal economy. Co-ordinated by linksUK, the national team of Community Links. this UK-wide coalition has over 50 members. Our vision is to eliminate the need for cash-in-hand work and to help people make the transition into formal paid work and out of poverty.

Removing the need for Cash-in-Hand Work

"The cost of living doesn't just go up in April. Any extra money I make goes straight to paying off debts that have spiralled out of control. Right now it's the same problems and the same help available; we are constantly fighting a losing battle."
Need NOT Greed Focus Group participant January 2009

A Streamlined, Flexible and Responsive Benefits System

- Modernise the benefits system: making it flexible for temporary or part-time work.
- Increase benefit levels to ensure there are sufficient finances to live a dignified existence.
- Reform 'work incentives' including earnings disregard levels and 16-hour rules, in addition encourage people to supplement their benefits through employment and retain the attributes that employment brings. Reforms include:
 - Update the level of Earnings Disregards for a single person from £5 (unchanged since 1988) to a liveable rate of £50 a week.
 - Exempt work costs e.g. travel, and childcare expenses from earnings disregards.
 - Link levels of earnings disregards to a new permitted hour rule and the minimum wage.
 - Remove the 16 hour permitted work rule and replace it with tapered benefits to incentivise progression in work.
 - Discount updated Earning Disregards in Housing Benefit and Council Tax benefits calculations.
- Integrate Housing Benefit Reform into the wider context of benefit simplification and awareness
 - Extend Housing Benefit run on to 3 months automatically when one enters employment.
 - Withdraw Housing Benefit using a tapering over 3-12 months of moving into paid employment.
 - Withdraw Housing Benefit and Council Tax Benefit at different times, currently there is a total withdrawal rate of 85%.
- Phase out all previous Housing Benefit systems so that only one exists.
- Reduce change of circumstance compliance: a higher disregard is an option to consider.

Improved Administration and Advice Service

- Make Jobcentre Plus (JCP) a one-stop-shop service: one service, from one person, under one roof
- Focus on customer service: address people as clients as opposed to benefit recipients.
- JCP outcomes must not be driven exclusively by employment targets, they must include securing stability in chaotic lives as well as getting job ready.
- Enable personal advisers to give careers and wider advice to address multiple issues.
- Improve staff training and retention.
- Invest into reducing error and as opposed to fraud.
- Co-ordinate processing and sharing of information between departments to ensure JCP keep to their processing applications targets of 11.5 days.
- Assign clients to staff that support them before, during and crucially after a job has been found.

Routes to Formalisation for Self-Employed and Businesses

“Rather than streaming someone as a lone parent or any negative issues, label them as someone interested in enterprise” Terry Owens, InBiz

- All Flexible New Deal providers must include specialist Self-Employment provision.
- Until Flexible New Deal starts, significant marketing and communications work must be undertaken to promote the current ‘New Deal for Self-Employment’ option to all staff and customers.
- A dedicated Self-Employment personal adviser should be identified and trained in each district and/or Jobcentre.
- All JCPs should have active referral process for their ‘customers’ to their local specialist self-employment provider.
- JCP and their self-employment providers must monitor and track their 'customers' businesses, for up to 10 years - to be able to measure progress, spot trends (e.g. the revolving doors of people being in and out of work over many years) and use this information to improve their service.
- Government should create and pilot a fully comprehensive business ‘formalisation’ process including:

Awareness: the JCP adviser stage: Staff to identify enterprising informal workers and get them to a stage of being self-employed ready. Handover to specialist formalisation self-employment providers.

Preparation, support & planning: Develop appropriate business plan and set realistic objectives.

Test trading: Benefits should remain intact in this stage. An initial drop in income is justified by the fact that the informal workers pay is already low; they can increase this by formalising work. JCP should assess the length of test trade period by levels of income, not time. Alternatively, greater flexibility to the length of test trade period should be shown to those businesses that need more time to test trade.

In work support and development: Introduce a programme of in-work support including incentives when moving from test trading such extension of Housing Benefit and Working Tax Credits. DWP and DIUS should issue qualifications at different stages of business development.

The Informal Economy and Local Communities

*“To be quite honest I don’t really care about the informal paid work because it sustains a lot of people. I wonder how such people would survive if there was no such work”
Need NOT Greed focus group participant, Jan 2009*

The informal economy contributes to communities of high deprivation. It generates a local economy, develops and retains skills and confidence, building social capital.

- Pilot a formalisation process targeted at informal employees offering an increased rate of pay, a period of work and benefits, and an amnesty that they won’t be prosecuted for fraud if they formalise. This will help to increase formal employment, exemplify existing community cohesion and enable people to participate fully in society.
- Incorporate the informal economy into existing regeneration and poverty initiatives to increase sustainability, a sense of ownership and empowerment by local residents.
- Replace Government’s current approach of enforcement with a more positive approach; more carrots and fewer sticks. Exert caution over anti-benefit fraud campaigns. They automatically criminalise all benefit recipients and language used causes stigmatisation and social tensions.
- Increase cross-government departments working to make policies most effective e.g. Benefit fraud and community cohesion initiatives.
- Increase the resources (budgets and staff) for enforcement agencies.
- Increase awareness of formal workers rights, minimum wage and job security.
- Educate people about the benefits of formal work, through school curricula and adult education.

About the Need NOT Greed Campaign

The Need NOT Greed Campaign is co-ordinated by linksUK, the national team of Community Links. It is a national campaign with a coalition of over 50 members. The vision is to eliminate the need for cash-in-hand work and to help people make the transition into formal paid work and out of poverty. To achieve our vision we campaign for:

1. Changes in the benefit, tax credit and tax systems to remove the need for cash-in-hand work
2. Practical help and guidance to 'formalise' cash-in-hand work
3. Greater public understanding of the link between poverty, communities and cash-in-hand work

The policy proposals are based on nine years of extensive research and policy development by Community Links meeting the need for evidence-based policy. See the website www.neednotgreed.org.uk for more, including our detailed research and policy proposals.

The **Informal Economy** 'involves the paid production and sale of goods or services which are unregistered by, or hidden from the state for tax, benefit and/or labour law purposes, but which are legal in all other respects.' (EU 1998) This definition excludes criminal activities like drug dealing and prostitution.

- Informal work represents 12.3% of UK,GDP, around £120 billion .
- There are an estimated 2 million vulnerable workers in the UK. Many of whom work informally.

Contact

Maeve McGoldrick, Campaigns coordinator
Community Links
105 Barking Road
London E16 4HQ
e: maeve.mcgoldrick@community-links.org
t: 020 74739644
w: www.neednotgreed.org.uk

