

The Centre for Social Justice
11 Belgrave Road | London | SW1V 1RB
020 7592 1160
www.centreforsocialjustice.org.uk

Release date: May 19, 2013
For immediate release

THE CENTRE FOR
**SOCIAL
JUSTICE**

PRESS RELEASE FROM THE CENTRE FOR SOCIAL JUSTICE

Benefit ghettos of Britain exposed by CSJ in major new inquiry into welfare state

Total spending on social security in the five years of this Parliament will top £1 trillion

CSJ says these areas represent the tragedy of wasted human potential

Some British towns and cities contain welfare ghettos where more than half the working age residents depend on out-of-work benefits, according to a major new investigation into the anatomy of the welfare state.

Parts of Denbighshire in Wales, Birmingham, Blackburn with Darwen, Wirral, Tendring and North East Lincolnshire are the worst affected, the report reveals.

In Liverpool, there are nearly 70 neighbourhoods where the number of people claiming out-of-work benefits is 30 per cent or higher. This is followed by Birmingham (49 neighbourhoods), Hull (45 neighbourhoods), Manchester (40 neighbourhoods), Leeds (37 Neighbourhoods) and Knowsley (31 neighbourhoods).

The Centre for Social Justice (CSJ) report features a “league table” of the 20 neighbourhoods (Lower Layer Super Output Areas, which have an average population of 1,614) in the UK where out-of-work dependency is highest.

The report, *Signed On, Written Off*, will be published in the week beginning Monday May 20, 2013.

Ranked on the percentage of people claiming out-of-work benefits, the top six neighbourhoods in England and Wales are:

	LSOA	Ward	% of people aged 16-64 on out-of-work benefits
1	Denbighshire 004E	Rhyl West	67
2	Birmingham 121B	Brandwood	60
3	Blackburn with Darwen 006E	Wensley Fold	59
4	Wirral 016E	Birkenhead	55
5	Tendring 016B	Pier Ward, Clacton on Sea	54

But if the rankings are calculated on average welfare spending per head, the top six local authorities are:

- 1 Sefton £6,278.75
- 2 Barking & Dagenham £5,916.98
- 3 Blackburn & Darwen £5,400.57
- 4 Luton £5,292.80
- 5 Newham £5,256.88
- 6 Bradford £5,252.89

Across the country, 6.8 million people are living in a home where no one has a job. Nearly one fifth of UK children (1.8 million) are growing up in a workless household (the second highest rate in the European Union), and the vast majority of charities helping the unemployed surveyed in the report say that they know of families where two or three generations have no one in work.

One of the charities, Chance UK, said that some children do not understand what work is. Asked what they wanted to be when they grew up, the children said "I want to be famous" or that they wanted to be the "boss" of a gang.

Knowsley in Merseyside and Glasgow both had over 25 per cent of working age people dependent on out of work benefits during the economic boom in 2003 (25.3 per cent and 26.1 per cent respectively), compared with a national average at the time of 12.4 per cent. In Boston, Lincolnshire, dependency on benefits actually rose during the boom years.

The new CSJ report follows two previous studies, published in 2007 and 2009, that shaped the "make work pay" reforms introduced by the Coalition Government under Iain Duncan Smith's leadership as Secretary of State for Work and Pensions. A further report, due next year, will draw up detailed recommendations for a second phase in the welfare revolution.

This report exposes the soaring cost of welfare. It has risen 18-fold since the inception of the welfare state in 1948, up from £11 billion to more than £200 billion today and accounts for 13 per cent of GDP, compared with 4 per cent in 1948. Despite the Government's welfare reforms, the bill is projected to go on rising to £218 billion by 2015/16.

Over the five years of this Parliament, the Government will spend over £1 trillion on social security, not far short of the total value of all goods and services produced in the UK in a year.

In a foreword to the report, CSJ Managing Director Christian Guy warns that a much sought-after resumption of economic growth is not guaranteed to curb the seemingly unstoppable rise in worklessness and welfare bills.

He points out that during the recent economic boom, welfare spending on people of working age rose by around 40 per cent in real terms, mainly because of the Tax Credits paid to people with a job. The Tax Credit bill surged from under £3.3 billion in 1997/98 to more than £20 billion in 2010/11.

By 2009, nine out of ten families with children were entitled to some kind of state support.

But Mr Guy says it is the waste of human potential rather than money that should keep politicians awake at night.

He said: "The welfare ghettos trapping as many as 6.8 million people are a national disgrace.

"They represent years of tragic failure and indifference from the political class. People in these neighbourhoods have been consistently written off as incapable and their poverty plight inevitable.

"Their lives have been limited by a fatalistic assumption that they have little prospect of anything better.

"While some campaigners accuse this Government of being callous for its benefit cap, the truth is there has been a much more damaging welfare cap in these communities for years – an unjust cap on personal potential."

The report also reveals just how deeply entrenched worklessness has become. Despite 63 successive quarters of growth from the early 90s onwards, the numbers claiming out of work benefits stayed above 4 million.

Liverpool has 50 jobseekers claiming for 10 years or more; Tower Hamlets in London 40 such jobseekers; and Middleborough has ten.

The report backs the Government's efforts to make work pay and to move people off long-term dependency on state benefits into a job.

But it says that the present package of changes is only a start.

"Reform is now essential and can wait no longer. Some cite the spiralling costs of the welfare state as the key reason to act. These arguments are important as the Government now spends more than one in every three pounds on welfare.

"Yet the most powerful arguments for reforming welfare are not financial, but social. By focusing on income transfers rather than employment, our welfare system has made people dependent on benefits, trapping them in poverty and preventing them from achieving economic independence."

For media inquiries, please contact Ross Reid from the Centre for Social Justice on 07780 707322 or Nick Wood of Media Intelligence Partners Ltd on 07889 617003.

ENDS

NOTES TO EDITORS

The Centre for Social Justice (CSJ) is an independent think tank established in 2004 to put social justice at the heart of British politics.

In 2007 the CSJ published its landmark report, *Breakthrough Britain*. This publication, which set out 190 evidence-based policy recommendations to tackle poverty in Britain, transformed the social policy and political landscape and was awarded Publication of the Year by *Prospect Magazine* in 2008.

Since *Breakthrough Britain* the CSJ has published over 40 reports which have shaped government policy and influenced opposition parties. These have included the seminal papers *Dying To Belong* and *Dynamic Benefits*, which has led the Coalition Government's welfare reforms.

Further to this, the CSJ manages an Alliance of over 300 of the most effective grass roots, poverty-fighting organisations.

The CSJ is able to draw upon the expertise and experience of Alliance charities for research work and media inquiries. Journalists wishing to conduct grass-roots research into social problems can be put in touch with front-line charity directors and staff.