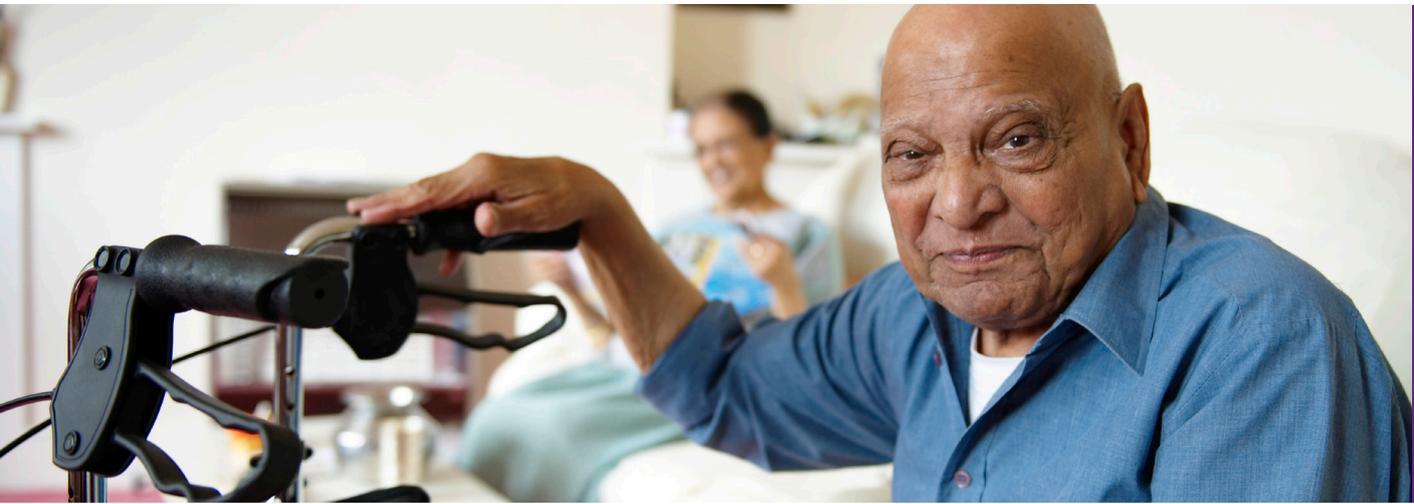




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to access benefits & grants



**Read between
the lines:**
confronting the myths
about the benefits system



Myths and misconceptions about social security

In our report on [Benefit stigma in Britain](#) we found that people generally stigmatise benefit claimants in Britain when they see these claimants as 'undeserving' of the financial support they receive through social security. The key criteria for being seen as 'deserving' of benefit receipt were how much people were viewed as 'needing' their benefits, and the extent to which claimants were seen as responsible for their own situation.

Judging these factors from the outside is obviously difficult, and many people may make judgements about benefit claimants based on popular beliefs and stories about them. Unfortunately, many of the most common statements about benefit claimants are inaccurate. Here we provide a guide to some of the most common myths.

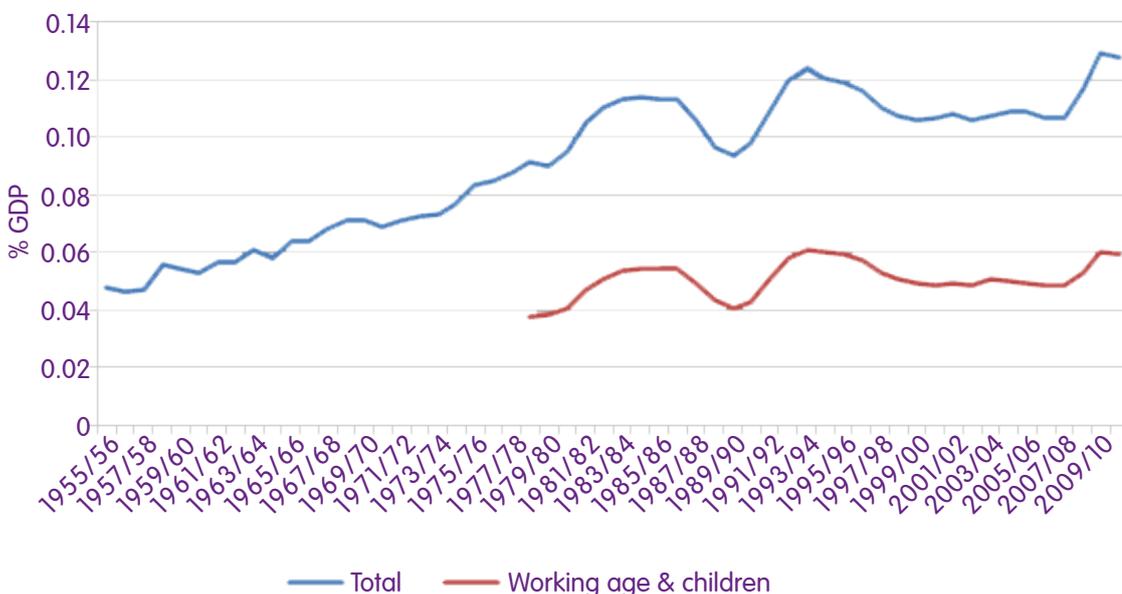
Myth: We've seen a constant increase in the level of spending on benefits.

Reality: In the decade prior to the recession, spending on benefits had shown the longest period of stability in the history of the welfare state.

Much discussion of cuts to benefits is premised on the need to restrain expenditure growth; the unquestioned assumption being that expenditure is actually growing. This is reflected in press coverage, where four times as many news stories based on expenditure statistics report increases rather than the decreases over the period 1995-2011.

What is surprising about this is that over most of this period expenditure fell sharply followed by the longest period of stability in UK welfare expenditure since the foundation of the welfare state. Figure 1 shows total expenditure on all age groups from 1955/6 (the blue curve) and from 1978/9 on people of working age and children (the red curve) as a percentage of GDP. It can be seen that over most of the post-war period total spending was on an upward trend, as well as showing big fluctuations with the recessions of the early 1980's, 1990's and 2008/9. However the long-term upward trend came to an end in the 1990's, after which expenditure was unprecedentedly stable up until the financial markets' crisis. This flattening of the trend can not be explained simply by the fact that there were no major economic crises during this period- expenditure grew throughout the 1960's without any major increase in unemployment. Of course expenditure has grown since 2008/9 as unemployment and underemployment have increased: but that is what is supposed to happen during economic downturns.

Figure 1: Expenditure on benefits and tax credits 1955/6 to 2010/11



Source: DWP benefit expenditure tables and FSB (various years). From 1999/00 figures include HMRC expenditure on tax credits, from 2003/3 HMRC spending on child benefit. From 2003/4 SN/SG/2656 expenditure totals from House of Commons library briefing paper SN/SG/2656. Non-DWP figures calculated as % GDP using implicit conversion factors in DWP benefit expenditure tables.

That expenditure was stable does not of course mean it was at the 'right' level. The right level of expenditure is obviously a matter for value judgment. But politicians of all parties have argued that welfare spending was on an unsustainable upward path prior to the crash of 2008/9, and such claims are impossible to sustain on any reasonable account of expenditure trends.

It is true that population ageing will place increasing pressure on spending over coming decades, and the early signs of this can be seen in the fact that total expenditure is at a slightly higher level in 2010/11 than at its previous peak in the aftermath of the early 90's

recession. However this can not be given as evidence for a structural problem with benefits for people of working age and children, where expenditure in 2010/11 was at exactly the same point as at the previous peak.

Why is it perceived that expenditure has been growing? The main reason is of course that people have been told this by politicians and commentators who wish to create the impression of out-of-control spending. There are two statistical tricks which are commonly used to give the impression that spending is growing.

Trick 1: giving figures in monetary terms rather than as a percentage of GDP.

In fact, virtually any government programme will tend to show real-terms increases in most periods, simply because real term expenditure tends to increase when the economy grows. This is one of the reasons why it is preferable to compare spending as a share of GDP in looking at trends over time. In fact, even in real term expenditure growth over recent years has been unprecedentedly low, as the table illustrates. On average between 2001/2 and 2010/11, annual real term growth in welfare spending was 1.75%, far lower than for any previous decade since the foundation of the welfare state.

Table 1: Average annual real terms growth in welfare spending 1948/9 to 2010/11

Year	Real Terms Growth
1948/9 to 1960/1	5.71
1961/2 to 1970/71	5.68
1971/2 to 1980/1	5.17
1981/2 to 1990/1	3.19
1991/2 to 2000/1	3.38
2001/2 to 2010/11	1.75

Source: DWP benefit expenditure tables and FSB (various years). From 1999/00 figures include HMRC expenditure on tax credits, from 2003/3 HMRC spending on child benefit. From 2003/4 SN/SG/2656 expenditure totals from House of Commons library briefing paper SN/SG/2656. Non-DWP figures converted to constant 2011/12 prices using implicit conversion factors in DWP benefit expenditure tables.

Trick 2: comparing expenditure during recessionary years with expenditure in years of low unemployment.

It is hardly surprising that spending was higher in 2010/11 with an unemployment rate of 8% than in 2006/07 with an unemployment rate of 5%. What is surprising is that it was not higher still.

Myth: We've seen an increasing number of people claiming out-of-work benefits

Reality: Out-of-work benefit receipt has been in long-term decline and is half a million lower now than in the aftermath of the last recession.

The assumption that expenditure on working age benefits has been growing over the long term has its counterpart in an extraordinary blindness as to just how much out-of-work benefit caseloads fell from the mid-1990's. In our dataset we found that five times as many news stories based on statistics reported **increases** in caseload as reported decreases, even though over the period the out of work caseload revealed a steady downward trend. In 1995, two years after the peak of the previous recession, some 17% of people aged 16-64 were claiming an out-of-work benefit: by 2008, this was 11% and the recession only increased this figure to 12%. The out-of-work caseload was some 1.6 million lower in 2008 than in 1995, and remained more than a million lower in 2011. (Comparing the peak of the two recessions in this way avoids rigging the comparison.) This reflected not just lower unemployment but major increases in employment for lone parents and people with disabilities.

Table 2: Out of work benefit receipt 1995-2011

Date	Number of people aged 16-64 claiming out-of-work benefits	% of people aged 16-64 claiming out-of-work benefits
August 1995	5,981,000	16.7
August 1996	5,872,600	16.4
August 1997	5,375,300	14.9
August 1998	5,090,600	14.1
August 1999	4,993,610	13.7
August 2000	4,837,560	13.2
August 2001	4,735,650	12.9
August 2002	4,690,660	12.7
August 2003	4,623,500	12.4
August 2004	4,508,280	12.0
August 2005	4,481,270	11.8
August 2006	4,507,540	11.8
August 2007	4,348,850	11.3
August 2008	4,368,560	11.3
August 2009	5,006,970	12.8
August 2010	4,809,530	12.3
August 2011	4,830,460	12.3
Change 1995 - 2008	-1,612,440	-5
Change 2008 - 2011	461,900	1
Change 1995 - 2011	-1,150,540	-4

Source: DWP 5% sample and WPLS

Again, this does not mean that the number of claimants is at the 'right' level, which would demand a value judgment as well as an explanation of changes within the family structure, the growth of independent living for people with disabilities, and population ageing. Certainly there are more claimants than there were in the late 1970's, when about 7% of the population were receiving one of the main out-of-work benefits (our calculations from DWP Benefit Expenditure Tables and ONS population estimates). But the most striking trend prior to the recession was the steady reduction in claimant numbers: it is odd that those who call loudest for numbers to be reduced seem, apparently, unaware of this.

Myth: 'welfare' spending goes mostly to those on out of work benefits

Reality: Out-of-work benefits account for less than a quarter of welfare spending and just over half of non-pensioner spending.

When politicians and commentators refer to 'welfare' they are usually seeking to evoke unpopular benefits: out-of-work benefits for working age adults, as opposed to popular benefits for pensioners, disabled people, carers and low-income working families. Overall, the out-of-work benefits account for under a quarter of all welfare spending. Benefits to pensioners account for 53% of all welfare spending. Even excluding pensioners' benefits, nearly half of welfare expenditure is accounted for by benefits such as Disability Living Allowance that go to working and non working families, and by child benefit and tax credits to working families and Statutory Maternity Pay.

Table 3: Calculating the share of welfare spending going on out of work benefits 2010/11

	£	% of welfare spending	% of non-pensioner spending
Welfare, all ages	188,421	100.0	
less pensioners' benefits	88,240	46.8	100.0
less in-work tax credits and child benefit	59,840	31.8	67.8
less in-work DWP benefits*	48,536	25.8	55.0
less in work housing benefit	44,736	23.7	50.7

*Disability Living Allowance, Statutory Maternity Pay, Carer's Allowance, Bereavement benefits, Maternity Allowance, In-work credits, Job grant, Specialised Vehicle Fund

Source: DWP benefit expenditure tables 2012, HMRC Child and working tax credits statistics 2012

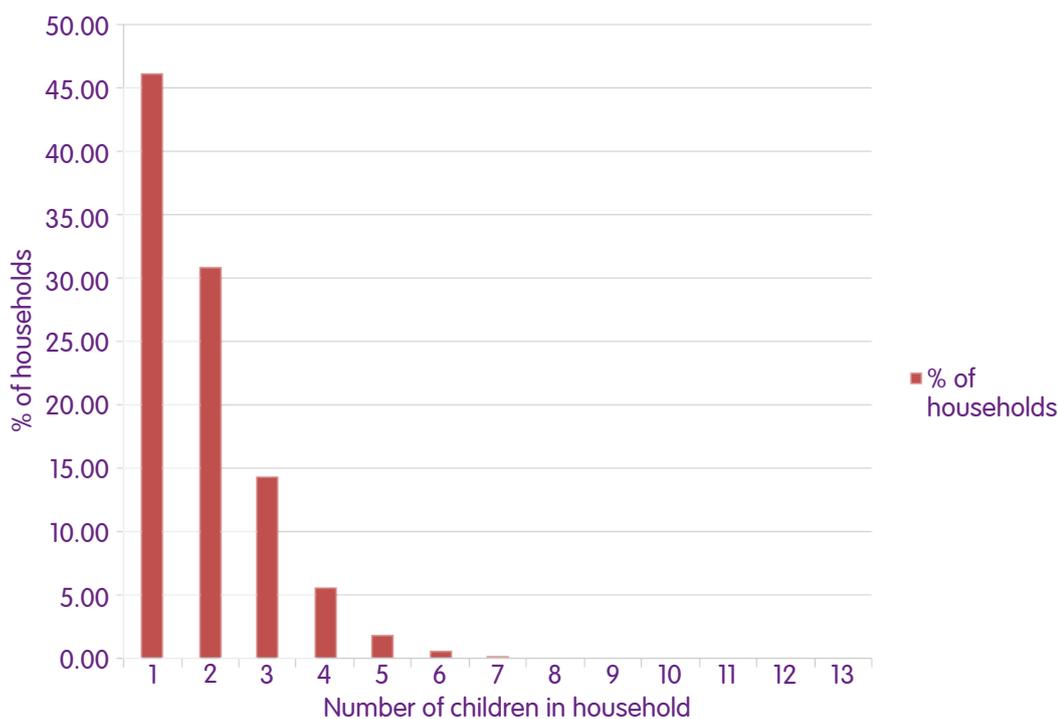
Myth: benefit spending is high because of large families on out of work benefits

Reality: Families with more than five children account for 1% of out-of-work benefit claims

In our analysis of press coverage we found that stories referring to large families had more than doubled in frequency since 2003, accounting for some 7.4% of articles. This theme is frequently referred to in comment pieces: for example the centre-left commentator Will Hutton has written 'the welfare state was not set up to support vast families or single mothers in intergenerational welfare dependency'.¹ Example of large families said to be claiming very large sums are a staple of coverage in some titles.

The chart below shows the percentage of households in receipt of out of work benefits by the number of children in the household, using data released by DWP in response to a Freedom of Information request. 91% of claimant households have three or fewer children, and 99% have five or fewer. Very large households with ten or more children are a staple of tabloid shock stories: there are, according to DWP, 180 such claimant households in Britain.

Figure 2: Households in receipt of out-of-work benefits by number of children



Source: DWP Freedom of Information request 2012-3222

¹ <http://www.guardian.co.uk/commentisfree/2010/oct/10/fair-society-america-osborne>

Table 4: Households in receipt of out-of-work benefits by number of children

Number of children	Number of households	% of households	Cumulative households
1	624,800	46.14	46.14
2	419,370	30.97	77.10
3	194,370	14.34	91.44
4	76,310	5.63	97.08
5	25,980	1.92	99.00
6	8,780	0.65	99.64
7	3,200	0.24	99.88
8	1,080	0.08	99.96
9	360	0.03	99.99
10	130	0.01	100.00
11	30	0.00	100.00
12	10	0.00	100.00
13	10	0.00	100.00

Source: DWP Freedom of information request 2012-3222
http://statistics.dwp.gov.uk/asd/PQ_FOI/foi/2012/foi_3222_2012.pdf

Myth: the welfare state is supporting households to stay out of work for generations

Reality: Only 0.3% of households have two generations that have never worked

Iain Duncan Smith has claimed that “Life expectancy on some estates, where often three generations of the same family have never worked, is lower than the Gaza Strip”² – and he is not the only political commentator to make claims about worklessness among two or three generations of the same family.³ But the evidence does not bear it out, according to a thorough investigation by the economists Lindsay MacMillan and Paul Gregg.

They looked at the Labour Force Survey, the large scale survey of households from where we get most of our statistics about who’s in work or not. Looking at all of those households where there were just two generations living in the same household, they found less than half of a percent had two generations that had never worked – 15,000 households across the UK. (This excludes current students, but even counting students as ‘workless’ doesn’t raise the never-working share to 1%). And the majority of these included children who had only come out of education within the last five years.

Table 5: Population estimates from the April-June 2010 Labour Force Survey of the number of workless households in the UK (from Macmillan 2011)⁴

Household	Total
Total number of households with 2 or more generations	4,199,974
Households with 2 generations where both are workless	178,742
Households with 2 generations where both are workless >1yr	141,147
Households with 2 generations where both are workless >2yr	109,304
Households with 2 generations where both are workless >5yr	80,084
Households with 2 generations where both never worked	15,350

Panel B: The length of time 2nd generation have been out of full time education for

Household	Total
Households with 2 generations where both never worked	15,350
2nd generation out of education <1 year	5,387
2nd generation out of education 1-2 years	992
2nd generation out of education 2-5 years	1,361
2nd generation out of education 5 or more years	5,625
2nd generation no information on leaving full time education	1,985

Not including student only households. Whilst the ONS count full time education as workless it is preferred here to not include full time students in workless numbers

² <http://www.centreforsocialjustice.org.uk/default.asp?pageRef=361>

³ <http://www.lefffootforward.org/2010/09/the-myth-of-the-intergenerational-workless-household/>

⁴ <http://www.bristol.ac.uk/cmpo/publications/papers/2011/wp278.pdf>

When Macmillan and Gregg looked at longer term data, they found that only 1% of 'sons' in the families they tracked had never worked by the time they were 29. What's more, they found that while sons whose fathers had experienced unemployment were more likely to be unemployed themselves, this only applied where there were few jobs in the local labour market. The small amount of 'intergenerational worklessness' is therefore more likely to be explained by a lack of jobs than a lack of a 'work ethic'.⁵

⁵ See <http://inequalitiesblog.wordpress.com/2012/02/21/never-working-families-a-misleading-sound-bite/>

Myth: Families are better off on benefits than in work

Reality: the vast majority of families would be better off in employment

The idea that people are better off on benefits than working is a staple of media coverage and political rhetoric. It is overwhelmingly untrue: for the vast majority of families, taking a paid job would leave them significantly better off than receiving benefits. For example, in 2010:

- A single person working 30 hours a week at the National Minimum Wage would be £2,270 a year better off than on benefits, an income gain of 66 per cent.
- A single parent with two children working 30 hours a week would be £4,605 a year better off than on benefits, an income gain of 45 per cent.
- A couple with two children in which one partner works 30 hours a week would be £3,651 a year better off in work than on benefits, an income gain of 30 per cent.

Source: DWP tax benefit model 2010 edition

The claim that families are better off on benefit is usually backed using up one or more of the following tricks

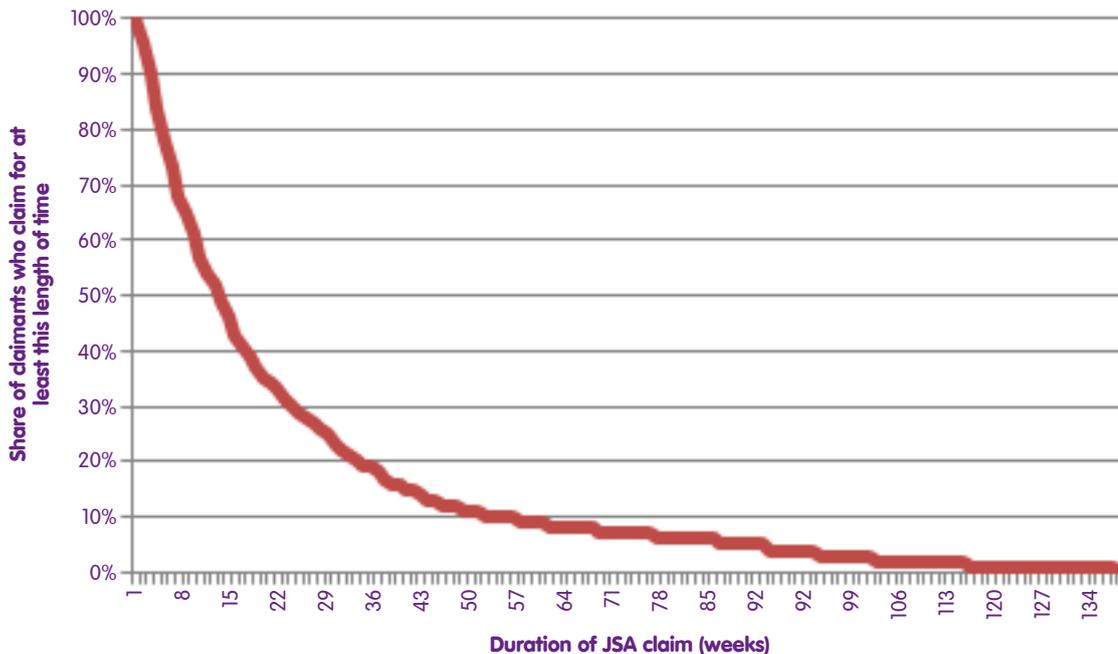
- comparing (i) all of the income of a family on benefits with (ii) some of the income of a family in work. Specifically, government statements in support of capping benefit entitlements have persistently compared the benefit income of out-of-work families with children with average wages, ignoring substantial entitlements to in-work benefits for families with children.
- comparing (i) the income of a non-working family with children with (ii) the income of a working family without children, again airbrushing out of the comparison in-work entitlements for families with children (for an example, see the Prime Minister's speech from 25 June 2012 here <http://www.number10.gov.uk/news/welfare-speech/>)
- exploiting the fact that working tax credit, which helps ensure people are always better off in work, is paid only when people are working more than 16 hours a week. This means that some people would not be better off if they worked a very low number of hours at low wages. Claims that families are routinely better off on benefits than in work do not generally make explicit that in this context, 'in work' means working less than 16 hours a week on low wages.

Myth: The welfare state enables people to ‘languish’ on benefits for years on end

Reality: Most out of work benefit claims are not long term in nature

Benefit claims are much less likely to be ‘long-term’ as people seem to believe. Less than half of Jobseeker’s Allowance claimants claim the benefit for more than 13 weeks, and less than ten per cent claim for more than a year.

Figure 3: Duration of Jobseeker’s Allowance claims in weeks



Source: Data from DWP/Ministry of Justice data linking project ‘Offending employment and benefits’ <http://www.justice.gov.uk/downloads/statistics/mojstats/offending-employment-benefits-emerging-findings-tables.xls>.

For Incapacity Benefit,⁶ which has the longest claim duration, nearly 50% during 2003-2008 were for 2 years or less, while 63% were for less than 5 years.⁷ Given that these figures include a significant proportion of people with severe long-term disabilities, the stereotype of the long-term undeserving IB claimant is very exaggerated.

⁶ Incapacity Benefit is now being replaced with Employment Support Allowance
⁷ Gaffney D ‘Dependency’ and disability’ Soundings Issue 49 (Winter 2011) p. 58-72

Myth: The British public no longer support a welfare state

Reality: Public attitudes have hardened – but public support for the benefits system is still strong

It is often said that public attitudes to benefit claimants have hardened – as seen in the release of the latest British Social Attitudes findings in recent weeks. Yet while this is certainly true, people often over-state how far this has gone, for example when suggesting that there is “a high degree of public support for further cuts in welfare spending. *Where once the Tories were regarded as cruel and heartless for wanting to slash benefits, it now seems that they can't be tough enough*”.⁸

In our report, we show that:

- Claiming benefits per se is not widely seen as something that people should be ashamed of – less than 10% of people in our survey reported high levels of stigma, and only a further 20% reported moderate levels. ,
- People are also relatively proud of the benefits system – over half (52%) in 2003 said they feel very or somewhat proud of Britain's social security, and a similar number (53%) agreed that the welfare state was one of Britain's proudest achievements in 2010.⁹
- Few people think a majority of claimants are false (only 16-20%) or fraudulent (only 14%). Perceptions of fraud are wildly over-estimated, but most people instead believing that fraud/false claims are restricted to a sizeable minority.

Likewise, the most recent British Social Attitudes data shows a high level of support for the benefits system; for example, 80% think the Government should be mainly responsible for ‘ensuring that people have enough to live on if they become sick for a long time or disabled’, a number that has not changed since 1998. And despite the media representation of benefit claimants and concerns about the deficit, there is still an outright majority in favour of *more* spending for disabled people, carers, people working on low incomes, and retired people.¹⁰

People are right to think that attitudes to benefit claimants are more hostile – but substantial support remains for benefit payments to ‘deserving’ claimants. This reinforces one of the key points of the report, that the supposed ‘hardening of attitudes’ among the public has less to do with any change in normative attitudes and much more to do with beliefs about the characteristics and behaviour of claimants, the latter being strongly influenced by media representations and the assertions of politicians.

⁸ <http://www.telegraph.co.uk/finance/comment/jeremy-warner/9595165/Europe-and-Britain-sinking-under-weight-of-welfare-costs.html>

⁹ From British Social Attitudes 2003 and 2010 respectively.

¹⁰ <http://inequalitiesblog.wordpress.com/2012/10/11/the-misreported-death-of-solidarity-in-britain/>