



**One Parent
Families Scotland**
changing lives, challenging poverty



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Brexit: Potential Impact on Single Parents & OPFS

Introduction

Brexit is set to impact all sectors in the UK, including the third sector. These are unprecedented times, and it's impossible to know the full impact as Brexit has created a climate of uncertainty. Economic uncertainty is a key issue for charities at present, as so much remains unclear in this area. Like all charities OPFS is planning for financial uncertainty - we don't yet know what the economic impacts of Brexit will be, but there is a widespread expectation that we will enter difficult times if implemented. Government focus on economic stability during and after leaving the EU will be incredibly important in reducing the impact of Brexit on charities.

Given that the poorest people spend the highest proportion of their income on food, they are likely to be the hardest hit in the event of price rises due to Brexit. As early as July 2016, just after the referendum, the Rowntree Foundation produced a Brexit briefing¹ urging the UK government to produce a plan to boost the poorest regions of the UK following Brexit. It showed the 12 regions scheduled to receive the most EU funding to tackle poverty and boost growth up to 2020.

In September 2018 Rowntree produced another report 'How could Brexit affect poverty in the UK?'² It predicted increases in prices of food which, coupled with possible falls in real wages and lower employment could be a perfect storm people in the UK who live in poverty. Child poverty is set to increase further after Brexit, affecting poorer areas most. There will be an end of EU funding related to poverty reduction.

Many of the areas at greatest risk from the impact of Brexit are rural or on islands, a new analysis finds. The resulting map of vulnerabilities shows a higher concentration of the most at-risk data zones in remote and rural locations.³ Communities across Scotland have benefited from EC funding for a number of decades. In rural Scotland, Agri-food businesses have been supported by CAP.¹¹ In urban areas European Social Funds help vulnerable communities, and wider European Structural Funds (of which the social fund is a part) support a range of social and economic programmes across Scotland. There is no guarantee that the UK Government will continue to fund replacement programmes in the same manner or at the same level in the long term. Indeed, if Brexit permanently reduces the UK's economic performance, as most studies expect, this in itself could result in public spending being lower in future years than if we had remained in the EU.

The Bank of England has warned of rising inflation and falling employment, and a recession may be on the cards.⁴ This will hit the poorest by far the hardest. Those in receipt of

¹ <https://www.jrf.org.uk/press/uk-government-needs-plan-boost-poorest-regions-following-brexit>

² <https://www.jrf.org.uk/report/how-could-brexit-affect-poverty-uk>

³ <https://news.gov.scot/news/rural-and-island-areas-among-most-vulnerable-to-impact-of-brexit#downloads>

⁴ <https://www.theguardian.com/business/2019/aug/01/bank-of-england-warns-1-in-3-chance--brexit-recession-interest-rates>

working-age benefits have more reason than most to worry about inflation as all of these have just been frozen for four years, along with local housing allowances which determine housing benefit rates. Poor households already face higher costs.⁵ The freeze will leave them further and further behind and deprive their children. It will also do little to help local economies in the event of a recession, as families will have reduced spending power.

Government focus on economic stability during and after leaving the EU will be incredibly important in reducing the impact of Brexit on charities.

The Scottish Government has published an analysis of the revised EU withdrawal agreement and political declaration.⁶ Some key points include:

- Under a basic trade agreement of the type the UK Government wants to negotiate Scottish GDP is estimated to be 6.1% lower by 2030 compared to continued EU membership. Equating to a cost to each person in Scotland equivalent to £1,600.
- The current withdrawal agreement does not rule out 'no deal' and potentially postpones it until December 2020.
- Commitments have been weakened across a range of standards and rights derived from EU membership - for example in environmental protection and the rights of working people. The deal paves the way for a deregulation agenda by the UK Government.
- The Political Declaration remains weak in relation to Human Rights, and in particular fails to pay sufficiently explicit regard to the importance of continuing UK compliance with, as opposed to respect for, the European Convention on Human Rights (ECHR).

It is expected that the impact on the UK economy may affect charitable giving in the future due to the fact many are expecting wages to be affected which will in turn reduce disposable income and individual giving. However, donations make up very little of OPFS funding. Many third sector org's receive EU funding and OPFS has various projects funded through ESF. Without a deal to continue this or replace it from national funds, charities will have a shortfall and will need to reduce services.

OPFS Planning

1. Prepare for a no deal

Like most third sector organisations, OPFS is reviewing its operations - especially people, funding and partnerships. OPFS has a number of internal policies in place to deal with challenging situations such as our business continuity planning policy. These would immediately come into play if a 'No Deal Brexit' is implemented. For many charities the impact will be quite limited, for others it could be existential.

In terms of where OPFS sits the key impact will be on the families we work with and the resulting increase in demand for our services, particularly around families facing a crisis and destitution. We would expect a noticeable increase in referrals to our community-based services as well as a substantial increase in calls to our freephone lone parent helpline.⁷

⁵ <https://www.turn2us.org.uk/About-Us/News/What-is-the-poverty-premium>

⁶ www.gov.uk/content/documents/govscot/publications/publication

⁷ For single parents requiring advice on getting ready for Brexit, our Lone Parent Helpline is available Monday to Friday 9.30am to 4.00pm. Single Parents can call 0808 801 0323 to speak to an adviser.

The Yellowhammer report ⁸ says “low income groups will be disproportionately affected by any price rises in food and fuel “ (HM Treasury) OPFS is very concerned about the potential impact on already struggling single parent families. The most current statistics **show poverty rates for children living in lone-parent families are at 54% almost twice as high as those living in couple families (28%)**. By 2021 single parent families will lose a fifth of their income due to welfare reform - an average of £5,250 a year with a **predicted increase in the UK child poverty rate for children in single parent households to over 62%**.⁹ This will have a devastating impact on the lives and prospects of so many children in single parent families and doesn't take account of any potential impact of a No Deal Brexit.

OPFS Advice & Information service is monitoring changes to social security regulations that may be relevant to parents. We have a staff member who is a 'Brexit Watcher' who updates our monthly A&I team meeting on any changes to regulations and our resulting advice. We may have calls from those who live in Europe and Eire wishing to come to the UK, returning UK nationals or resident EU/Eire nationals. We use the following to respond to callers:

- Get ready for Brexit: check what you need to do
- Passport rules for travel to Europe after Brexit.
- No deal immigration arrangements for EU citizens arriving after Brexit.
- Living in country guides.
- Workplace rights after Brexit.

The social security immigration rules relating to 'right to reside' will be the area of change that may affect our callers, our advice and our training needs. No one can really pinpoint just how likely a 'no deal' scenario is, but it's far from inconceivable, so at OPFS we realise we do need prepare for an increase in requests for support from families - particularly around emergencies and access to food and basic necessities

2. Staying hyper-aware

Brexit has created a huge amount of uncertainty and complexity over the future legal and regulatory environment. We know it will be important for charities to keep an eye on any changes that will affect our operations or the families we work with - such as human rights legislation or environmental protections.

3. Pressing for a sectoral assessment

Charities trying to plan for post-Brexit outcomes need to press Government to undertake a sectoral assessment. We support SCVO and others that there is a need to review the expected impact of Brexit on charities and third sector which in turn could impact on public well-being and the public sector itself. We need to be able to safeguard our services, which by their nature support the most vulnerable in society.

4. Conducting ongoing internal assessments - feedback from staff on the ground

We realise we need to have our own assessments which can guide a response by OPFS and highlight any concerns with SCVO and government stakeholders. The assessments will provide us with relevant data should we need to speak out against policies and potential changes that could be damaging to single parents and OPFS effectiveness.

5. Indirect Impacts

We don't assume that Brexit won't impact on OPFS. There may be an indirect impact - in the example is funding - will any OPFS funders suffer if funding is cut from the EU? Will it change the local authority's funding? Will businesses (e.g. Hunter Foundation) change their

⁸ https://en.wikipedia.org/wiki/Operation_Yellowhammer

⁹ <https://www.equalityhumanrights.com/sites/default/files/cumulative-impact-assessment-report.pdf> p153

support of due to funding shortages? We know we need to look beyond the obvious and think about the more seemingly remote risks.

7. Helping EU employees

OPFS will support any existing staff through the proposed settlement process for European citizens. We also need to plan for a tighter labour market in the future.

8. Preparing for the specifics which may affect OPFS

We have regular discussions with our trustees about Brexit and discuss across organisation at exec level, areas which may be impacted. Managers have ongoing engagement with stakeholders - like local government and funders - and the policy team generally follow the debate. We will make adjustments in our own planning as things become clearer.

9. Advocating for single parents

There is widespread agreement that leaving without a Withdrawal Agreement will lead to economic disruption. This will make life much harder for families living in poverty. At OPFS we believe families, including single parent families, on low incomes should not pay the price from any economic shocks and government must take steps to protect them in their no-deal contingency planning. This includes:

- End the policies that penalise single parent families - the working age benefits freeze, the two-child limit and the benefits cap.
- Pause and reform Universal Credit. Address the issues with UC especially:
 - the 5-week wait for benefits,
 - poor administration (particularly of childcare costs)
 - conditionality and sanctions.
 - Single Parents under 25yrs should be paid the same rate for Universal Credit as parents over 25yrs.
- Increase the value of benefits and tax credits paid to low-income families to reflect living costs. As well as restoring link between benefits and inflation to also make up for the loss in the real value in children's benefits as a result of the 4-year freeze and previous sub-inflation increases in benefit rates.

In conclusion

Brexit has highlighted deep divides in communities. OPFS aims to continue to work in partnership to offer social solutions to the hard to resolve issues like child poverty, poor health and wellbeing and inequality. At a time where human rights, funding, the economy, citizenship, workforce and connectivity are under threat, the opinions of the voluntary sector should be front and centre.

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