

Expert Working Group on Welfare Call for Evidence

RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Scottish Campaign on Welfare Reform

Title Mr Ms Mrs Miss Dr **Please tick as appropriate**

Surname

Kelly

Forename

Maggie

2. Postal Address

Co-ordinator, Scottish Campaign on Welfare Reform

Policy and Campaigns Officer

The Poverty Alliance

162 Buchanan Street, Glasgow

Postcode G 2LL

Phone 0141 353 0440

Email

maggie.kelly@povertyalliance.org

3. Permissions - I am responding as...

Individual

Group/Organisation

Please tick as appropriate

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate
Yes

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick ONE of the following boxes

Please tick as appropriate
✓ Yes No

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

About SCOWR

The Scottish Campaign on Welfare Reform (SCoWR) is a coalition of over 60 leading organisations including Capability Scotland, Citizens Advice Scotland, Child Poverty Action Group in Scotland, Inclusion Scotland, One Parent Families Scotland, Oxfam, Poverty Alliance, the Scottish Association for Mental Health and many more¹. Members come from across civic society, including the voluntary sector, faith groups and trade unions and work with people experiencing exclusion and poverty across Scotland.

SCOWR had been campaigning for a fairer welfare system since 2006. As a broad coalition we do not take a position on independence. We argue that the principles set out in our Manifesto ought to form the basis of a fairer system regardless of where powers lie. Therefore, we are pleased to take this opportunity to feed in to the Scottish Governments plans for the future of welfare in an independent Scotland.

However, we are very concerned by the narrow remit and terms of reference of this consultation as well as the extremely short time frame for responses. The development of a new welfare system requires the development of a vision and principles which will underpin that new system, a strategy as to how that vision should be implemented over time and a strategy for interim arrangements; all taking into account what the pressures will be on the new social security system in Scotland. While it makes sense in the short term to focus on transitional arrangements and what can be ameliorated immediately, there is also the opportunity to determine a new, fairer approach to welfare in the medium to long term.

The current direction of UK welfare policy, including the unprecedented £20 billion worth of benefits cuts, is having a very damaging impact on individuals, families and communities - increasing poverty, social exclusion and inequalities across Scotland. SCOWR is campaigning against the changes *and* for a fairer welfare system as set out in our Manifesto. This response draws on the SCoWR manifesto (available from <http://www.cpag.org.uk/scotland/SCOWR-Manifesto.pdf>) to link the consultation questions to the five key principles which we believe should underpin a new approach to welfare, as agreed by our diverse membership, these are to:

- 1. Increase benefit rates to a level where no one is left in poverty and all have sufficient income to lead a dignified life**
- 2. Make respect for human rights and dignity the cornerstone of welfare reform**
- 3. Radically simplify the welfare system**
- 4. Invest in the support needed to enable everyone to participate fully in society**
- 5. Make welfare benefits in Scotland, suitable for Scotland.**¹

¹ The more detailed policy calls in our Manifesto are currently being updated and the new version will be launched in due course.

- 1. What do you think are the key factors that will influence the cost of welfare over the next 5 years?**
- 2. For which of these factors are there significant differences between Scotland and the rest of the UK?**

We take Q1 and 2 together

Currently the majority of the welfare budget is spent on pension provision. At Westminster there is unlikely to be any appetite to change the triple lock on pension provision in the foreseeable future. So, other than any significant differences in demographic makeup between Scotland and the rest of the UK, independence and a new approach to pension provision is the only other factor which could significantly impact on this aspect of spending.

The second largest element is assistance with housing costs. Since housing is a devolved matter, investment in social housing will have a significant influence on housing benefit costs. Out of work benefits make up around 25% of welfare costs as a whole. Scotland controls many of the levers which impact on employability such as childcare, education and training etc. Investment in these areas will impact on out of work benefits to some extent but labour market conditions will be the overriding factor here.

The UK Government is introducing cuts of around £20 billion (£2 billion in Scotland) to the welfare budget (excluding cuts made as a result of any 1% up rating cap or other additional cuts). These cuts impact on both in and out of work benefits as a whole (including assistance with housing costs). However, given current levels of unemployment and labour market conditions where rising numbers are claiming assistance because of “in work poverty” (as a result of underemployment and low wages) it is debatable whether these cuts will translate into any real reduction in spending. In the event of a yes vote, a commitment to making the Scottish Living Wage the National Minimum Wage could positively impact on social security costs by reducing the need for in work benefit support. To a large extent the outlook will depend on the wider economy and on what levers are used to intervene in those conditions. We also have specific concerns about the costs arising from the implementation of UC, especially IT costs including the RTI system. There is a long history of similar projects going over budget and given the scale and complexity of this project and the delays and difficulties already being experienced we expect that current cost are seriously underestimated.

3. The current programme of UK Government welfare reform will have impacts on a range of services that are delivered in Scotland, including those delivered by the Scottish Government, local government, third sector organisations and others.

(a) Which services are facing the biggest impacts now, and what are the effects?

(b) Which services might face the biggest impacts in the next 5 years, and what might be the effects?

SCOWR’s focus is on the impacts on individual claimants. As a broad coalition, our individual members are best placed to comment on the impacts on them as service providers.

However, in general it is clear that the welfare cuts, alongside the fast pace of structural changes to the welfare system are resulting in increasing pressures on both voluntary and public sector services. Both face huge demand in terms of the need to adapt to major

changes in the system and cope with supporting the increasing numbers of people who are struggling to cope with the demands made upon them and are falling through an increasingly threadbare net of social protection.

In all our evidence to the Scottish Parliament we have consistently argued for the need to invest in a range of services. We argue that investment is needed urgently to help mitigate the poverty impacts of the welfare cuts on individuals. But equally, investment will also reduce the wider costs and social impact of increased poverty, which will include poorer health and greater health inequalities, increased family breakdown and lack of social cohesion. The costs of poverty will increase demands and financial pressures on local authorities, the NHS and the third sector and will also have a negative impact on the private sector.

4. What opportunities do you consider there may be arising from welfare changes to use resources differently or more efficiently?

In the short term, there are a number of immediate opportunities to take a fresh approach to welfare in Scotland as a result of newly devolved powers contained in the Welfare Reform Act 2012. These include the devolution of aspects of the Social Fund and the abolition of council tax benefit.

We have commented in detail on these changes elsewhere and have provided detailed input into the design of the new Scottish Welfare Fund. Although we would argue that there remain key problems with the design of the final scheme, many aspects of the scheme do demonstrate a much more joined up approach to using resources, compared to that which has been developed in England for example.

We are also engaged in providing evidence on the development of a new approach to passporting benefits (such as free school meals, legal aid, education maintenance allowances, disabled access to transport) and have argued that the introduction of universal credit provides an ideal opportunity to implement a new approach which would not only simplify the current system but tackle poverty traps and remove barriers to employment.

5. What are the most important factors to take account of in ensuring an effective and efficient process of delivering welfare benefit payments to people in Scotland at a time of considerable change at UK level?

There is a need to be cautious at a time when new system, universal credit (UC) is still being transitioned into and embedded in and to consider the best way to support individuals at this time. In these circumstances, whilst welfare remains a reserved matter and during any transitional period, in terms of delivery the most important priority must be to ensure that claimants are able to access the benefit support to which they are entitled.

This has implications for how we support people who, for various reasons, find themselves excluded by the digital by default agenda as well as arrangements for supporting those who have been sanctioned or otherwise denied access to benefit through poor decision making and/or administrative delays. It is also important to consider if there are aspects of universal credit which might work well in terms of delivery and which could be helpful to retain.

In an independent Scotland, implementing the kinds of changes outlined in the list of priorities for immediate action below would improve the system from the point of view of the impact on individuals, families and communities in poverty *and* make for a much more simplified and effective process of delivery.

6. In the period to 2017/18, what welfare benefit delivery options do you think:

(a) are the most practical?

(b) make best use of the current infrastructure in Scotland?

(c) encourage greater alignment with the public sector and third sector in Scotland?

In an independent Scotland, during any transitional period the most practical approach to delivery of welfare benefits would be to make use of the current wealth of expertise situated with UK DWP and HMRC agencies in Scotland. There are currently no Scottish Government bodies that have the requisite staff expertise, infrastructure or capacity who could continue to operate a national tax credits and benefit system. Planning for such a transitional period therefore should include consideration the legal, financial and logistical arrangements for such a transfer including staff, physical assets' and data.

7. What alternative delivery options should be considered in the longer term?

Whilst we suggest that in a transitional period we should ensure continuity by making use of current delivery arrangements, in the longer term we want to see an entirely new approach to both the structure of welfare provision as a whole and to delivery.

Too often arguments about delivery options revolve around well-rehearsed discussions of the pros and cons of a remote state versus a more local and flexible approach. What is often missing however is a focus on the actual quality of service delivery, an approach which puts service users needs at the heart of the process.

One of our key calls is to "Make respect for human rights and dignity the cornerstone of a new approach to welfare" and we argue that one of the practical ways in which we can embed this is to "Make benefit and job seeking services accountable at a local level to service users with the aim of ensuring that all claimants are treated with dignity and receive an excellent service." We consider that many of the positive aspects of our current system (such as equality of access based on individual circumstances rather than post code for example) should be maintained but delivered locally in a way which fosters dignity and respect through accountability.

8. What aspects of the UK Government's reforms create challenges for:

(a) Supporting recipients of disability benefits and those who care for disabled people

(b) Joining up service delivery

(c) Tackling poverty, particularly child poverty

(d) Supporting people into sustained employment

(e) Other, please specify

(a) Supporting recipients of disability benefits and those who care for disabled people

The abolition of DLA and its replacement with Personal Independence Payment (PIP) including the

- Aim of overall 20 % cut in DLA budget
- New assessment similar to discredited work capability assessment (WCA) used for employment and support allowance (ESA).

1 in 3 adults in Scotland are likely to lose entitlement entirely (also having a knock-on effect on carers benefits in many cases) but without any reduction in their care or mobility needs causing increased poverty and social exclusion and often poorer physical and mental health for disabled people and their carers.

Many disabled people have mental health, cognitive, communication and sensory impairments which can make it very challenging for them to navigate the benefits system and to effectively participate in assessment processes without appropriate support. Entitlement rules and delivery arrangements fail to take account of these issues. Benefits staff must be trained adequately to allow them to understand these challenges and develop appropriate skills. Disabled people should also have access to independent advocacy support and communication aids.

(b) Joining up service delivery

There are numerous aspects of the current reforms which create challenges for joined up delivery. For example, during the introduction of universal credit many people are likely to be left without money as a result to technical problems caused by the introduction of new technology and/or the introduction of single payments. In the circumstances access to affordable credit can prevent a family spiraling in to debt but at the same time Crisis Loans have been abolished.

Another example is how, helpful changes under UC which remove some of the current financial barriers to working less than 16 hours a week are undermined by a failure to make adequate provision for affordable and flexible childcare which would enable many parents to take up such work.

(c) Tackling poverty, particularly child poverty

The most critical aspects in terms of increasing poverty, are the impacts of the overall package of cuts including:

Measures in place:

- The change from using RPI to CPI for benefits (except state pension) up rating. The single most damaging cut of all because of the year on year cumulative impacts.

Forthcoming:

- Uprating cap: Most benefits and tax credits increased by 1%, (below projected inflation and to be locked until 2015/16).
- Benefit cap: £500 per week for couple/lone parent; £350 a week for single people.

Beyond these overarching cuts the huge raft of damaging cuts to various benefits some in place, others still to come. These include:

- Existing cuts to many children's and pregnancy related benefits and further cuts to for disabled children under UC.

- A wide range of cuts to help with housing costs already in place (which will be rolled up into UC) along with forthcoming cuts including the so called “bedroom tax”.
- Research has shown that many lone parents will be worse off under universal credit.

In work poverty is being exacerbated by changes to the tax credit system (see below) combined with cuts to help with housing costs.

The increasing use of automatic sanctions even when people have good reason for their failure to meet conditions (such as poor health or disability or caring responsibilities for young children and or disabled or sick relatives) is leaving more people in extreme poverty for the duration of their sanction period. Under Universal credit sanctions can now be imposed for up to three years.

It is also important to keep in mind that the process of welfare reform is having very uneven impacts in relation to equalities with women (and single mothers especially), children and disabled people (i.e. those already more likely to be in poverty) being disproportionately impacted by the cuts.

(d) Supporting people into sustained employment

This is being undermined by a wide range of tax credits cuts with elements frozen, abolished or cut including:

- Childcare help reduced from 80% to 70%
- Couples with children must work at least 24 hours.

These changes are impacting particularly on women (and especially lone parents) who, as they are more likely to be in part time and low paid work are more likely to be in “in work poverty”.

More generally, SCOWR also argues that current approaches to employability are inadequate because they focus entirely on the individual while ignoring the wider causes of unemployment such as lack of jobs, lack of affordable and flexible childcare, insufficient support for disabled people to help them return to work and sustain employment, and insufficient action to tackle continuing discrimination against disabled people in the job market.

(e) Other, please specify

People unable to work due to ill health and or disability

The speeded up transfer of incapacity benefits (ICB) claimants on to employment and support allowance (ESA) is having a devastating impact on many disabled people and those in ill health. More stringent work capability assessments (WCAs) conducted by ATOS are aimed at cutting the bill dramatically by reclassifying those who would previously be deemed as too sick to work as now fit - when often this is not the case.

Those who have been inappropriately moved onto JSA are plunged into greater poverty (as they no longer get help with the additional costs of living with disability or ill health) and those who fail to meet JSA work availability requirements (due to ill health or disability) and are being sanctioned as a result. These changes have been heavily criticised by disabled

people, carers, disability charities and the Harrington Reviews but nevertheless this approach is replicated within UC.

9. What aspects work well and should be protected in an independent Scotland?

On the whole, our welfare system guarantees equality of entitlement across the UK regardless of where someone lives. The WR Act has begun to undermine this principle of fairness for example, by introducing a myriad of schemes for help with council tax in England, throwing many into greater poverty on the basis of a so called post code lottery. Given the role that welfare plays in lifting people out of poverty it is essential that we maintain the principle of equality based on assessment of people's circumstances, not simply where they live.

SCOWR has long campaigned for the radical simplification of our welfare system. Some aspects of UC seem to meet this call. The creation of a single in and out of work system combining tax credits and benefits is a welcome simplification in principle. However, whilst this aspect provides more simplification, the extension of complex means testing alongside increasingly onerous and complex conditionality rules mean that overall UC brings in a much greater degree of complexity. We would maintain a unified in and out of work system but also seek to radically simplify the system as a whole.

In our Manifesto we also call for greater earnings disregards (i.e. provisions to enable people to keep more of their part time earnings before it is clawed back through benefit tapers). This helps remove barriers to entering into the labor market and tackles poverty traps. We are pleased therefore that UC provisions will enable those working less than 16 hours to keep a greater amount of their earnings. This element of UC should be maintained and enhanced, but as noted above needs to be supported by appropriate child care provision to make it truly effective.

10. What aspects of the UK Government's reforms to working-age benefits should be an immediate priority for change in an independent Scotland?

In the short term, immediate priorities should be to:

- Reverse many of the damaging cuts described above including the changes to uprating methods, the benefit cap and the bedroom tax.
- Whilst the tax credit system remains in place, reinstate previous levels of support including help with childcare costs up to 80%.
- Increase the proportion of non means tested financial support by reinstating universal child benefit.
- Make "fit for work" and disability assessments the responsibility of those best placed to have a full understanding of the persons health and disability.
- Scrap ESA and PIP (i.e. revert to pre-existing benefits) and begin to redesign ill-health and disability benefits putting the claimant's needs at the heart of the process.

- Amend universal credit so that:
 - Those who are in work are not penalised for the fact that they are on low wages or are only able to find part time work
 - Those who are too ill or disabled to work, or have caring responsibilities get the support they need and are not required to engage in inappropriate work seeking activities.
 - Assistance with housing costs is securely linked to the actual housing costs.
 - No one is worse off on UC.
- Rollback reforms which are increasing complexity by introducing post code lotteries. Instead, ensure that entitlement to benefit is based on equality of access and entitlement regardless of where someone lives.

For more information contact:

Maggie Kelly
Coordinator, SCoWR
Policy and Campaigns Officer
The Poverty Alliance
162 Buchanan Street
Glasgow GL ALL

t:0141 353 0440 | e:maggie.kelly@povertyalliance.org

ⁱ SCoWR members include:, Afreshe, Archibald Foundation, Bipolar Scotland, Capability Scotland, Carr-Gomm Scotland, Children 1st, Child Poverty Action Group in Scotland, Church and Society Council of the Church of Scotland, Church Action on Poverty, Citizens Advice Scotland, Edinburgh Coalition Against Poverty, Engender, Energy Action Scotland, Faith in Community (Scotland), Glasgow Council for the Voluntary Sector, Glasgow Disability Alliance, Glasgow University Students' Representative Council, Headway UK, Hillcrest Housing Association, Inclusion Scotland, Iona Community, Margaret Blackwood Housing Association, Momentum, National Autistic Society, One Parent Families Scotland, Oxfam in Scotland, Poverty Alliance, Public and Commercial Services Union, Quarriers, RNID Scotland, Salvation Army, Scottish Association of Mental Health, Save the Children in Scotland, Scotland's Commissioner for Children and Young People, Scottish Council for Single Homeless, Scottish Council for Voluntary Organisations, Scottish Drugs Forum, Scottish Federation of Housing Associations, Scottish Homelessness & Employability Network, Scottish Out of School Care Association, Scottish Poverty Information Unit, Scottish Union of Supported Employment, Scottish Trade Union Council, Scottish Womens Convention, Sense Scotland, Stroke Association The Action Group, Turning Point Scotland.