



SECURE FUTURES FOR CHILDREN AND FAMILIES:

Where we are now and what needs to change

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Introduction

Broadly, the reforms to the social security system that have taken place over the past decade have reduced entitlement for many, making the system less generous than it used to be. Social security is increasingly means tested, targeting financial support to the poorest. However, this means-tested approach has not been particularly effective at reducing child poverty in the UK, which is rising. CPAG believes that this is a worrying direction of travel. An increasingly means-tested system that has been cut so heavily that even the support for those at the bottom of the income distribution is not effective at lifting people out of poverty is not a system to be proud of.

Secure Futures for Children and Families aims to explore an alternative way by moving our focus away from the problems with the current system and focusing instead on a vision for the future. What does a social security system that provides a secure future for children and families look like?

In order to answer this question, we have put together a list of principles which we believe are the foundation of a social security system that provides a secure future for children and families. This paper reviews the current system against these principles and offers some initial reflections on where the system is failing. It is important to note that this is not a comprehensive list of every problem in the current social security system, rather it is an analysis of some of the key elements that fail when measured against our principles. It is also worth noting that the picture is not uniform across the UK; whilst most social security policies apply across the UK, steps have been taken in both Scotland and Northern Ireland to mitigate some of the worst aspects of current social security policy. The Scottish Government has also incorporated a set of principles into their Social Security (Scotland) Act 2018, many of which are reflected in the principles outlined below.

The paper concludes by setting out some fundamental changes to the social security system that are required, as well as a summary of some of the broader changes that are needed in other policy areas. What is clear from the beginning of this project is that a social security system cannot provide a secure future for children and families alone; it must be supported by other parts of our social infrastructure, and this is explored in the final section of this paper.

An overview of the current system

Our social security system has suffered huge cuts in recent years. By 2021/22 £40 billion a year will have been taken out of the social security budget,¹ and families with children have been bearing the brunt of these cuts. Budget cuts have had a significant impact on the government's flagship welfare reform programme, universal credit (UC). In 2015, the government announced a £3.2 billion a year cut to UC. This cut was partially reversed in the 2018 Budget, but UC is now much less effective at reducing child poverty than was originally promised, and many families are now significantly worse off as a result of claiming UC. Other benefits, including 'legacy benefits' (the six main working-age benefits that UC replaces) have also been cut substantially.

An increasingly means-tested system has been the primary vehicle for delivering these cuts, and benefits for children have been in the firing line. Child benefit, a previously universal benefit paid to every family with a child regardless of income, is now withdrawn for those earning £60,000 or more and partially withdrawn for those earning £50,000 or more. As the cost of living and earnings increase over time, child benefit – a source of financial support for families that is simple to claim, has high rates of take-up, and is popular with the public – will be

¹ T Waters, [Personal Tax and Benefit Measures](#) (Budget 2018), Institute for Fiscal Studies

withdrawn from more and more families. Projections show that by 2040 only the poorest 50 per cent of parents will receive child benefit due to the failure to uprate the cut-off point in line with wage increases.² Fewer people will become entitled and this important recognition in both the tax and benefits system of the cost of a child will have been lost. This, together with cuts, means that child benefit will have lost 23 per cent of its value by 2020.³ In addition, child tax credit, a benefit for families with children that was effective at reducing child poverty, has been subject to a number of changes that have reduced or cut off support to millions of families.⁴

The combination of cuts to benefit levels and the introduction of specific policies that reduce the financial support available for families with children (for example, the 'two-child limit' and the benefit cap – discussed further below) has had a severe impact on families who are trying to manage on low incomes. The financial support provided to families with children has been whittled down to a level that is no longer sufficient to cover their basic costs. These losses are most acute for lone parents, the vast majority of whom are women. CPAG's most recent *Cost of a Child* report⁵ shows that lone parents working full time on the national 'living' wage are 21 per cent short (£80 a week) of what they need, and lone parents working full time on the median income are 16 per cent short (£60 a week). For parents in a couple who both work full time on the national 'living' wage, the shortfall is 10 per cent (£46 a week).⁶ The fact that working full time on the minimum wage is no longer a route out of poverty for families with children is an indication that something is terribly wrong with both our labour market and our social security system.

Analysis of the current system against our principles

About the principles

These principles have been developed in consultation with a number of leading academics and expert practitioners in the fields of social policy and social security. Whilst they reflect the views of CPAG, they also have broad consensus among other organisations working in this field – for example, the Future of Social Security Group (a group of chief executives from leading charities working alongside people with lived experience of using the social security system), which has developed a similar set of principles to inform its work.

1. Prevent and reduce poverty: a social security system should prevent and reduce poverty.

This principle includes:

- **Support with additional costs:** a social security system should help with additional lifetime costs, including the additional costs of raising children, the costs associated with disability, housing costs, and childcare costs.
- **Support work:** a social security system should support people to be able to work in a way that suits their circumstances, as well as recognising the value of unpaid care work.
- **Adequacy:** at a minimum a social security system should provide adequate resources to protect people from poverty and eliminate destitution. It should support people to achieve a decent level of income based on individual needs.

² A Corlett, [CB40: Happy 40th birthday to child benefit! But will it last another twenty?](#), Resolution Foundation, 2019

³ [Eroding Child Benefit](#), TUC, 2015

⁴ E Graham, ['Tax credits changes'](#), *Welfare Rights Bulletin*, 227, Child Poverty Action Group, April 2012

⁵ D Hirsh, [The Cost of a Child in 2019](#), Child Poverty Action Group, 2019

⁶ Calculations based on two children aged three and seven years old.

- **Act as an automatic stabiliser** in times of economic uncertainty, such as a recession, a social security system should act as an automatic stabiliser.

First and foremost, a social security system should prevent and reduce poverty. Shielding people from hardship and supporting them to achieve a decent level of income is the foundation of a properly functioning social security system.

The current system is not only failing to protect people from poverty, it is pushing people into poverty (particularly children and families) as a result of punitive policies and a decade of cuts. However, it is important to note that the generosity or otherwise of our social security system has been under the spotlight for some time. The introduction of flat-rate national insurance benefits after the Second World War, in response to the *Beveridge Report*, was intended to be a starting point. But a failure to uprate or include generous earnings-related elements has meant that means-tested top-ups have become the norm in the UK. Underpinned by the belief that a generous social security system disincentivises work, governments of all colours have pursued policies that restrain the amount of financial support provided to claimants, especially to those out of work.

It is worth noting that the picture is more mixed when we consider benefits for children. As part of Labour's comprehensive child poverty strategy, child benefit was increased and child tax credit was introduced, which contributed to lifting over one million children out of poverty between 1997 and 2010, the biggest fall in an OECD country during this period.⁷ Although recent reforms are reversing this trend, this example demonstrates that social security policy can, and does, make a difference to the lives of children and families, and can have a real impact on preventing and reducing child poverty if there is the will to do so.

Social security policy since 2010 has been characterised by the benefit freeze. Failure to uprate with inflation, first by the coalition government after 2010 and then the Conservative four-year benefit freeze in 2015, has applied to most working-age benefits and tax credits. The result is that low-income families and others reliant on support from the social security system are finding it harder and harder to meet their basic costs, as living costs rise but their benefit payments do not. When thinking about designing a social security system that prevents and reduces poverty, the benefit freeze is one of the first policies that would need to be abolished and the value of benefits restored.

Another key characteristic of our current social security system that undermines its ability to prevent and reduce child poverty is the break in the link between need and entitlement. Most social security systems around the world, and the UK system until recently, are based on the assumption that a link between need and entitlement is required to ensure that the system can respond adequately to individual circumstances. Two policies that embody the severing of this link are the benefit cap and the 'two-child limit'. The benefit cap, which caps household income from benefit payments, and the two-child limit, which cuts off benefit payments for any third or subsequent children, fail to provide families and others with adequate resources to cover costs. Controversially, instead of responding to individual circumstances, these policies appear to be designed to compel certain behaviour (benefit cap: get a job; two child limit: do not have more than two children), which is a highly questionable aim for social security policy.

Beyond the day-to-day costs of children, which children's benefits are intended to help with, parents also face significant extra costs in housing and childcare. How the social security system helps families with these costs can be the difference between families living above or below the poverty line. Both the housing market and the

⁷ [Doing Better for Families: United Kingdom](#), OECD, 2011

childcare market are examples of market failure, with costs that have spiralled out of proportion to other costs in recent years. A summary of some of the key problems with these markets is provided in the final section of this paper. The social security system props up both these markets by continuing to funnel huge amounts of money into both the private rented sector and the private, voluntary and independent (PVI) sector-dominated childcare market. Urgent reforms are needed to fund supply-side reforms to ensure adequate supply, quality and affordability. In addition to these wider reforms, changes to the social security system are needed to ensure that families have adequate resources to live on after paying their rent or paying their childcare bill. The way the system currently works means that families can be left with very little.

Work is still a powerful preventative factor against poverty, despite the rise of in-work poverty. A social security system that prevents and reduces poverty must support parents into paid work, to the extent that this is possible alongside the unpaid care work that many women find themselves responsible for. Single-earner households and single parents are still significantly more likely to be in poverty than other households, characterised by low work intensity, or cycles of low pay and no pay. The way the current system operates means that the benefits of working are not being felt by many, with high rates of benefit withdrawal which often create a poverty trap for those who seek to escape poverty by increasing their earnings. UC withdraws 63 pence of every additional pound of earnings, and there is no second earner work allowance, which disincentives potential second earners (usually women) to take paid work, despite the fact that there is evidence to show that a second earner working even part time can help lift a household out of poverty.⁸ The current system has intensified the 'stick' by increasing the pressure on claimants to find and maintain work through conditionality and sanctions (with threats to extend conditionality to those in work claiming UC), whilst reducing the 'carrot' of a reliable financial boost on working or increasing one's hours.

2. Provide income security: a social security system should provide income security by insuring against risks across the life cycle and providing contingencies for certain circumstances.

This principle includes:

- **Provide support in response to life events:** a social security system should help families meet the cost of life events and maintain their income security, including when having a child, forming partnerships or separating, becoming unwell, and moving in and out of work.
- **Provide a minimum level of income security at all times:** no one should be left without support as a result of a crisis, benefit sanction or delay.
- **Protect people in vulnerable circumstances:** a social security system should provide adequate resources to people who need long-term support – for example, severely disabled people and their carers.
- **Redistribute income:** a social security system should redistribute income across the life cycle and between individuals and households in a way that reduces inequalities of income and power. This redistribution should be both vertical and horizontal.

A social security system that provides genuine income security must provide support that responds to the reality of people's lives – for example, crisis situations that occur or life events such as the birth of a child. This is where the idea of a social security system as insurance against risk is embodied: a financial cushion that keeps you afloat when your circumstances change.

⁸ Department for Work and Pensions, *Households Below Average Income 1994/95 – 2017/18*, 2019, Table 4.5 db

The current system is failing in a number of different ways to provide this security to people. In times of crisis, such as the loss of a job, the system does not respond quickly enough. For example, under UC, a claimant must wait five weeks for her/his first payment. Originally included in the design of UC as a way of ensuring the system ‘mirrors the world of work,’ it is assumed that everyone has a monthly pay cheque to carry them through those first few weeks of a claim. This is not the case for the majority of people claiming UC, including those who have just lost their job who are paid fortnightly or weekly. The problems with this policy have been clearly demonstrated: the Trussell Trust has found that the five-week wait is a major driver of food bank use across its network.⁹

In contrast to those who must call on the system in times of crisis, there are some people who, because of their circumstances, will always need to rely on the social security system. Long-term severely disabled people may never be in a position to financially support themselves entirely through work, and may rely on benefit entitlement all their lives. Serious concerns have been raised about the level of support provided to people who were previously in receipt of a severe disability premium (SDP), particularly after it was found that this group would be worse off on UC. Legal challenges have resulted in some additional protection being provided to people currently in receipt of SDP, but there are broader questions regarding income distribution and the adequacy of support that is provided to people who may *always* be reliant on the system. Severely disabled people who live alone without an adult carer will be £180 a month worse off on UC¹⁰, and, over time, more and more disabled people will be affected by this reduction in payment with few or no options to change their situation as they are unable to work or reduce the additional costs associated with disability. A social security system should allow people who must rely on it over the long term to thrive, rather than just survive.

Concerns can also be raised when considering the security of income for people who are in work. Many people who are working also claim UC or other benefits to ‘top up’ their income; the social security system has acted as a wage subsidy for decades. Broader questions can be asked about the appropriateness of subsidising wages and a summary of some of the key problems with the labour market are discussed in the final section of this paper. However, regardless of reforms to the labour market, the social security system will always have a role to play in supporting people in work. The extent to which this happens in a way that provides income security for low-paid workers is of fundamental importance.

For example, UC assesses claimants’ earnings via monthly assessment periods, and UC payments vary in response to any earned income during that period. Assessment periods are highly problematic for many workers (particularly those paid weekly or fortnightly) who are experiencing substantial fluctuations in their UC payments, depending on how many pay cheques they have received that month. The result is that many UC claimants cannot be sure of their UC payment each month, making it very difficult to plan, budget, or insure themselves against unforeseen costs. For people whose hours vary month to month, the immediate loss of benefits after a month when they work a few extra hours can be disruptive and leave people feeling that it is hardly worth working more – especially when travel costs, childcare costs and time away from family is taken into account. UC was deliberately designed to be immediately responsive to changes in earnings, in sharp contrast to tax credits which used an annual assessment and disregards to provide stability of income in the face of short-term earnings fluctuations. This risks creating insecurity and disincentivising extra work. The monthly assessment system undermines the principle of income security for many.

⁹ [The Next Stage of Universal Credit](#), Trussell Trust, 2018

¹⁰ A Rahman, [Universal Credit for Single Disabled People](#), Citizen’s Advice, 2018

Contribution-based benefits are a key mechanism for providing income security to workers in higher paid roles in many countries. For example, in Denmark workers can be paid up to 90 per cent of their previous earnings for a period of up to three years, provided they have made adequate social insurance contributions. The UK does not have an equivalent system. Claimants receive a flat rate of payment in most situations regardless of circumstances: the amount of statutory maternity pay (after the first six weeks) or jobseeker's allowance bears little or no relation to a claimant's previous earnings. Decent earnings-related payments do not exist in our social security system, which can undermine its ability to provide income security for families on a range of income scales. Beveridge, the author of our modern welfare state, believed contribution-based benefits, where people made contributions to the system and then received something in return, should be a core element. Ministers in past administrations have attempted to introduce a more comprehensive system of social insurance, but these attempts have largely failed, and we lag behind other countries which have embedded social insurance as one of the building blocks of their systems. Unsurprisingly, these are some of the same countries that have low levels of child poverty and high levels of citizen wellbeing.¹¹

Providing income security to people involves the effective redistribution of income across the stages in a person's life, but also between households and individuals that takes into account inequalities of income and power. Our current system does this to some degree; the UK would be a far more unequal country without the intervention of our social security system.¹² However, it could do a lot more to redistribute income effectively and mitigate the worst impacts of wage inequality. The UK is one of the six most unequal countries in the industrialised world and, as a result, our social security system has to work extremely hard to redistribute income between rich and poor.¹³ And the situation is getting worse: between 1979 and 2007 the net gains of the top 1 per cent of earners were equivalent to the whole of the income share of the bottom 20 per cent.¹⁴ As the rich get richer, the system of redistribution must change accordingly. Benefits are one method for this redistribution. Taxes are another – some of the urgent reforms that are needed to our tax system are outlined in the final section of this paper.

3. Promote social solidarity: a social security system should promote social solidarity; it is for all of us, not some of us.

This principle includes:

- **Promote social integration:** a social security system should be inclusive and not divisive or stigmatising. It should avoid 'othering' people.
- **Promote individual autonomy:** a social security system should operate as far as possible on an individual, not household, basis with payments for joint expenses going to the person who will use them for the intended purpose.
- **Reduce inequalities:** a social security system should reduce inequalities between different groups of people who experience structural disadvantage, such as women and disabled people. It should not discriminate.
- **Enjoy public trust and support:** a social security system should have the trust and support of the public and should be a system that people feel that they have a stake in.

¹¹ L Natali, B Martorano, S Handa, G Holmqvist and Y Chzhen, [Trends in Child Well-being in European Union Countries during the Great Recession](#), Unicef, 2014

¹² J Hills, *Good Times, Bad Times: the welfare myth of them and us*, Policy Press, 2015

¹³ J Hills, *Good Times, Bad Times: the welfare myth of them and us*, Policy Press, 2015

¹⁴ J Hills, *Good Times, Bad Times: the welfare myth of them and us*, Policy Press, 2015

As this paper has already outlined, the social security system has become increasingly means tested in recent decades. Continuing to reduce the level at which a person becomes eligible for support and increasing the intensity of means testing so that it captures a smaller number of people has obvious advantages to government, in that it reduces costs, but it has consequences in terms of increasing poverty, reducing levels of income security, and eroding social solidarity (which is less tangible but can be more enduring). The social security system is a core piece of social architecture and, like the NHS and the education system, nearly everyone will rely on it at some point in their lives. However, the more the system is targeted at a specific group, namely those on low incomes and those who cannot work, the less the general public identify with it and, crucially, the less they care about any changes or reforms. When the system is viewed as for 'other' people, it is easy to feel less concerned when the system is threatened. And for those who do claim benefits, their position in society feels more and more marginalised.

The 'othering' of benefit claimants is reinforced through a variety of means, some of which exist in the wider culture and others are a direct result of how the system is designed. One of the most controversial aspects of the system – sanctions – is a clear example of how specific policies communicate certain messages to claimants and to the wider public. Intense conditionality, accompanied by sanctions, tells claimants and the public that people claiming benefits are not to be trusted, and they are to be punished if they do not fulfil their side of the bargain, however genuine their reasons are for not being able to meet the requirements placed on them. Sanctions and conditionality have been widely criticised for their punitive approach, but there are other policies that reinforce these messages in subtler ways. The rationale behind monthly assessment is that it allows the system to be more responsive to claimants' changing situations. However, another major benefit for the government is the opportunity it provides to keep a close eye on claimants' earnings. In the tax credits system, claimants report their annual earnings in advance, and they receive regular and stable payments throughout the year based on their predicted earnings. They are trusted to report their earnings as accurately as they can. Monthly means testing does not place the same trust in claimants and, combined with the intensified compliance and sanctions regime, can fuel a narrative which implies that many are trying to 'cheat' the system rather than being in genuine need.

Other features of UC, such as the surplus earnings rules and the 'minimum income floor' have been explicitly designed to prevent people 'gaming the system' by attributing their income to particular assessment periods. Preventing claimants from adopting such strategies is prioritised, despite no evidence being presented that claimants are likely to try to do this or to be able to do so given the complexity of the system. In addition to these design aspects of UC, the DWP has been zealous in identifying and re-claiming overpayments from claimants, even when they date back years and are a result of DWP error. In contrast, when the DWP is in debt to claimants, the system is extremely slow to respond. For claimants then, it can feel like a system that is pitted against them, rather than a system that is there to support them in times of need.

Arguably, the social security system has been designed from the outset in a way that entrenches certain inequalities – for example, it has discriminated against women and people who are not UK citizens for many years. Unsurprisingly, the social security system, like any programme of social reform, is a product of its time. What is more disappointing is that the opportunities to undo some of the inequalities that exist often have not been taken and, in some cases, these inequalities have been further entrenched. The introduction of UC is an example of this. It could have provided an opportunity to tackle some of the most discriminatory aspects. Instead, UC does the opposite, particularly when we consider the position of women. The payment of UC to households, rather than individuals, is particularly problematic, limiting women's economic independence across the board and facilitating abuse in some circumstances. In the long term, these payment arrangements undermine wider attempts in other areas of social policy to encourage couples to share paid work and caring responsibilities in a more equitable way.

Other recent social security policies are punitive towards women – for example, the benefit cap largely affects single-parent households, the vast majority of whom are women.

Operating principles

1. **Simple, flexible and timely:** a social security system should be simple to use and flexible enough to respond to individual needs and circumstances. It should be efficient and timely, and able to reflect and respond to the different contexts across the four nations.
2. **Promote individual autonomy:** a social security system should empower people to make choices that fit with their circumstances rather than prescribing certain behaviour, life choices or family type. It should give people control over their own income.
3. **Treat people with dignity and respect:** a social security system should be administered in a way that respects the human rights of those who use the system and should treat them with dignity and respect.
4. **Give people a voice:** a social security system should have mechanisms in place to ensure that the voices of those who use the system and those who work in the system are heard. This includes a meaningful right to independent advice, advocacy and representation.
5. **Maximise claimant incomes:** there should be a take-up obligation on the state. Appropriate support should be provided to people in vulnerable circumstances who may find it hard to access their entitlement.
6. **Rights-based:** claimant entitlement should be based on the law, with a clear right of appeal and a limit on discretion. This includes ensuring the system is transparent and accountable, and that it upholds the UK's obligations under human rights law, including the UN Convention on the Rights of the Child (UNCRC).

The experience of claiming benefits and the way they are administered is fundamental to its success. The best policy ideas fail if delivery also fails, and the implementation of new policies is frequently the point at which bright ideas fall apart. Therefore, making sure the system embodies the principles outlined above is crucial to providing a secure future for children and families.

It is clear that the current social security system does not deliver on many of the principles outlined above. One of the main failings is the degree of complexity in the system; a myriad of rules and calculations govern the system with very few exceptions (child benefit being one of them). Claimants report feeling confused by the system.¹⁵ And we can only assume, this has an impact on the working lives of the DWP officials who are responsible for administering such complex rules, as well as being costly for the DWP in terms of staff time and administrative errors.

This paper has already outlined how mistrust of claimants is the backdrop to much of the reform we have seen in recent years, but it is worth stressing the damaging effects that this has on claimants. Research into claimants' experiences of sanctions and conditionality shows that for some claimants, dropping out of the system into a life of destitution was preferable to accessing a system that polices and monitors their behaviour in ways that set them up to fail and with rules that can be impossible to comply with.¹⁶

As our principles outline, a social security system should be designed to support and protect people, not punish and mistrust them. How the current system has evolved, and how we (the public) have allowed this to happen, requires a fuller analysis than this paper can provide. However, it is clear that in recent years we have seen more

¹⁵ The government's own survey of UC claimants found that nearly a quarter (23 per cent) felt that the decision about their UC claim had either not been explained at all, or had not been explained clearly. DWP, *Claimant Service and Experience Survey 2017–2018*, January 2019

¹⁶ M Adler, *Cruel, Inhuman or Degrading Treatment? Benefit sanctions in the UK*, Palgrave Pivot, 2018

and more instances of the law being side-lined. The degree of discretion given to officials has increased significantly. Access to justice is delayed and obstructed for claimants – for example, through computer-led decision making and the requirement to undergo a mandatory reconsideration before having a right to appeal. Some of the most problematic aspects of the social security policy have been found to be in breach of the Human Rights Act and do not appear to comply with the rights in the UNCRC. This is extremely worrying when we consider the role of the social security system in shaping the day to day lives of millions of children and families. Operating within the confines of the law and international human rights agreements is the very least we should expect.

What needs to change?

The next section of this paper sets out some of the areas where reform is needed, both in social security policy and other social policy areas. Rather than offering a full analysis of the problems with the current social security system and presenting specific policy changes that are needed here and now, this paper (and the Secure Futures project more widely) focuses on the longer term: what would a future social security system that delivers on our principles look like and what would be the route to achieving it? It is anticipated that contributors to the Secure Futures project will build on our initial reflections offered here.

Immediate changes to the social security system

There are some immediate changes that should be made to the social security system to mitigate some of the worst effects of recent reforms, and move it towards our principles. These changes are well documented elsewhere. For example, our report [Universal Credit: what needs to change to reduce child poverty and make it fit for families](#) outlines some of the urgent changes that are needed to UC to make it function for children and families.

Long-term changes to the social security system

There are some long-term changes that are required if the social security system is going to provide a secure future for children and their families.

The system has been subject to huge cuts, so generosity is a major issue. The social security system, which used to provide some level of financial support to a greater number, is now a system that is increasingly targeted towards those on very low incomes. This raises a number of problems when we consider our principles. First, this targeted approach has not been that effective at preventing and reducing poverty as the complexity of means-tested support frequently misses its target and take-up is low. Second, a means-tested system provides very little to those who are just about getting by, which misses an opportunity to provide some level of income security to children and families who may need a small financial cushion to protect them from poverty. Third, a highly means-tested system stigmatises and marginalises people who are receiving benefits, which undermines social solidarity. Reducing the level of means testing that exists in the current system is essential if we want to re-align the social security system with our principles.

Another fundamental change that is needed in the long term is the move to a supportive, rather than a coercive, system. Certain aspects of the current system, many of which have already been discussed in this paper, are the direct opposite of support. Conditionality and sanctions, the lack of support that is provided to people who might struggle to make or manage a claim for benefits, and the gaps in meaningful support for people who would like to progress into work, are all examples of a system that can feel hostile and uncaring for those who access it. A social

security system, by its very nature, should be providing genuine support to people in response to times of crisis, circumstances or life events. When a social security system is no longer providing this basic function, it is no longer fit for purpose. Introducing meaningful support and compassion by ending some of the most punitive policies and creating approaches that are genuinely helpful for people would help to move the current system closer to our principles.

Changes more broadly

The social security system cannot provide a secure future for children and families on its own. Other parts of our social infrastructure are needed, and the success or failure of these other parts of the broader system can have a huge impact. Indeed, it can be argued that the social security system ends up doing the heavy lifting when these other parts of the system fail. Some of the key changes that are needed in other areas of economic and social policy (largely outside the scope of this project) are briefly outlined below.

Housing

Good quality, affordable housing is in short supply in the UK. This lack of suitable housing has a severe impact on families on low incomes, who struggle to pay rising costs in the private rented sector, despite reassurances from the government that caps on local housing allowances would help to level the market. Local housing allowance rates are now so low that virtually the whole of England is unaffordable to an out-of-work benefit claimant looking to rent.¹⁷ Claimants are left with a shortfall which they must cover from other means, including benefits not meant for housing costs. This can leave claimants with little or nothing to live on, pushing them into deeper poverty and depriving both adults and children of the essentials needed for a healthy life and for full participation in society. Spending on housing benefit has doubled since the early 2000s, a signal that the social security system is picking up the pieces of a broken housing market.¹⁸

Spiralling costs of housing benefit have long been used as an excuse to cut spending on financial support for families, allowing politicians to present the social security budget as 'unaffordable' or 'out of control'. Instead of cutting support for families – leaving them unable to pay the rent – an appropriate policy response would be to introduce initiatives to bring down rents to a genuinely affordable level. For example, rent controls can help to hold down rents in the private sector. In addition, comprehensive, long-term investment in social housing is required,¹⁹ if we are to address these problems and ensure that *both* the housing and social security systems are adequately reformed.

Childcare

Childcare can be a huge expense for families with children. The childcare market is highly localised, providing a patchy mix of private and state-funded provision, and families are often left with little choice if there is a lack of suitable or affordable providers. Research by Coram Family and Childcare shows that only half of local authorities in England and Wales have enough childcare for parents working full time and very few areas have enough childcare for older children, parents working atypical hours (such as evenings or weekends) or for children with disabilities or special educational needs.²⁰ Prices, quality and available hours are also very variable. It is clear that leaving childcare to the market, with the government providing piecemeal support through a combination of free

¹⁷ S Kleyhans, [IFS: housing benefit bill signal of failed social housing policy. But we need it more than ever to hold back homelessness](#), Shelter, 2019

¹⁸ P Johnson, '[Doubling of the housing benefit bill is sign of something deeply wrong](#)', *The Times*, 4 March 2019

¹⁹ Shelter, [Building for our Future: a vision for social housing](#), 2019

²⁰ L Coleman and J Cottell, [Childcare Survey 2019](#), Coram Family and Childcare, 2019

hours and partial assistance through tax credits and UC, has not delivered the reliable, quality, affordable childcare system that families need.

The government support that is available for families can be complex for families to negotiate, particularly in UC, meaning some families are missing out. It also does not cover costs in full, meaning that too many parents still feel unable to work the hours that they would like. Childcare has benefits for both children and families – most notably, families in which both parents work (at least one full time and one part time) are much less likely to be living in poverty. Supporting parents to work keeps valuable skills in the workforce and reduces inequality between men and women. Children who attend high-quality early childhood education and care do better at school, helping to narrow the attainment gap between disadvantaged children and their peers. There is a powerful argument to be made for supply-side funded, free universal childcare for children through to secondary school age, which would deliver on all the benefits outlined above while allowing the state to ensure consistent quality, rather than the current postcode lottery. In addition, it would take childcare costs out of the social security system, remove the complexity of the current system, support families to work, and help protect them from poverty.

The labour market

Stagnating wages and insecure work have become a key feature of the UK labour market, causing real hardship for many families with children. Research by the Joseph Rowntree Foundation found that 500,000 more workers are in poverty than five years ago, with more than four million working people now in poverty in the UK.²¹

In-work poverty should not be conflated with low pay – it also depends on factors such as the number of workers in a household, the number and regularity of hours worked, (in)security of jobs, and the other resources available to families, such as in-work benefits and help with childcare, as well as their unavoidable costs including housing. Addressing in-work poverty thus requires a range of policy responses, including the provision of childcare and incentivising women's participation in the labour market. However, wages are an important part of the picture. More and more families rely on support from the social security system to top up meagre wages. Whilst it is right that the social security system should continue to provide support to families with additional costs (for example, via child benefit payments), ensuring people are properly remunerated for a day's work by raising the national 'living' wage to reflect the actual cost of living (in line with the real living wage) is a key part of the solution.

Currently far too many people remain stuck in a low-pay/no-pay cycle, moving in and out of insecure and short-term jobs which do not offer either a secure basis for a family to thrive or a platform for progression to higher paid work. It is important that a supportive social security system does not simply aim to push people into the first available job (with 'moving into work' the sole metric of success for employment programmes), but supports people to find work which is secure, offers decent pay and conditions, meets the needs of their family life, and offers fulfilment and the prospect of career development for those who wish to progress.

Reinvestment in public services for children and families

Historically, families with children have relied on a range of public services that help with the costs of raising children and provide them with a good start in life. Sure Start, which included the establishment of hundreds of children's centres, provided facilities and activities for families with young children to enjoy, as well as a range of support, including health and nutrition advice, and parenting support. An independent evaluation of Sure Start found that it had a number of benefits for children, and these benefits were felt more strongly for children living

²¹ [UK Poverty 2018](#), Joseph Rowntree Foundation, 2018

in disadvantaged areas.²² Despite the evidence of their success, children's centres have been cut with more than 500 centres closing since 2011. Other public services that children and families rely on, including schools, libraries, child and adolescent mental health services, youth services and local authority children's services have all faced budget cuts. These services play a vital role in preventing and mitigating the impact of poverty for many families, and ensuring that difficulties can be tackled early. This was evidenced in a survey of paediatricians, in which practitioners reported that cuts to universal services for families and children had led to more families presenting to health services in crisis.²³ When these services are scaled back or closed, at the same time as financial support from the social security system is reduced, families are left in a vulnerable position with very few options for accessing support when they need it. A social security system that provides a secure future for children and families must be supported by a programme of reinvestment in the full range of public services relied on by families with children.

The tax system

Who benefits from our social security system, according to public discourse, and who benefits in reality, are different. Whilst the transfer of benefit payments to claimants is a more visible sign of financial support from the government, richer households are receiving financial support in the form of tax allowances. The UK tax system is not fair or progressive: those in low-income households pay similar overall tax rates as those in higher income households.²⁴ Taxes that are more progressive, for example inheritance tax and capital gains tax, are more easily avoided than the least progressive – like VAT and council tax – and corporation tax continues to be cut. Reductions in annual social security payments will approach £40 billion by 2021, and the majority of this is being used to fund tax cuts. A recent publication from CPAG, *Let's Talk about Tax*,²⁵ contains a number of recommendations for reform to the tax system that would make the system fairer and more progressive, and crucially raise the revenue to fund a properly functioning social security system that provides a secure future for children and families.

Conclusion

This paper has attempted to offer some initial reflections on where the current social security system is failing, when compared to our principles. In addition, the paper outlines some priority areas for reform of both the social security system and other relevant policy areas, if we are to move closer to a system that is able to provide a secure future for children and their families.

This paper does not provide a comprehensive analysis of every problem in the social security system, neither does it come up with all the solutions. Instead, by providing some big picture analysis of some of the most pressing issues from CPAG's perspective, it is a 'jumping off point' for the Secure Futures project. Contributors to the project are invited, and encouraged, to tackle some of the problems raised and to think about possible solutions. It is through their reflections and ideas that CPAG envisages being able to design a range of options for the future design of our social security system – a system which provides a secure future for children and families.

If you are interested in making a contribution to the Secure Futures project, or you have questions about the project, please contact Sophie Howes, Senior Policy and Research Officer at CPAG, showes@cpag.org.uk.

²² S Cattan, G Conti, C Farquharson and R Ginja, [The Health Effects of Sure Start](#), Institute for Fiscal Studies, 2019

²³ *Poverty and Children's Health: views from the frontline*, Royal College of Paediatrics and Child Health and Child Poverty Action Group, 2017

²⁴ A Buckle in J Bradshaw (ed), *Let's Talk About Tax*, Child Poverty Action Group, 2019

²⁵ J Bradshaw (ed), *Let's Talk About Tax*, Child Poverty Action Group, 2019