



Secure Futures: after the pandemic

ALISON GARNHAM

Residents on a street in Bristol thank the NHS, which has already been badly affected by years of underfunding. During the coronavirus pandemic, the rainbow has become a symbol of support for people wanting to show solidarity with NHS workers on the front line.

In response to the COVID-19 emergency, our nation's rallying cry once again is: 'We are all in it together.' Each Thursday evening we clapped our love and gratitude for health professionals and carers in our universal health service – the closest we get to national worship. The mutual support for each other in local communities gives meaning to social solidarity. The same gratitude is due for our social security system – the front line for the care and support of our neighbours' financial security, keeping them safe, secure and fed. But is this how people feel? And if not, why not?

When the lockdown began, and with it economic turmoil for many, our existing social security system was found wanting. The government's interventions to ensure people's economic security during the pandemic have been extensive and have shown that a different approach is possible and popular.



The signs are good. To date, we British have lent approval and have delivered few brickbats in response to the biggest spending spree since wartime to ensure the economic security of our citizens. At once we have Scandinavian-style income replacement at 80 per cent of previous earnings, support for the self-employed, and improved social protection for those getting universal credit (UC) – our means-tested safety net. Evidently, our safety net could not be trusted as a secure landing ground for ordinary people thrown out of their day jobs and into COVID-19 lockdown. Which begs the question: Why exactly did we think that was acceptable before the crisis? Many of us have been working on a renewed vision for social security. At Child Poverty Action Group, we have been talking about creating 'secure futures for children and families'.¹ We want a blueprint for renewal, learning from history as well as imagining what is needed in future.

No one expected that a new vision for social security could be created overnight. But a radically different system has emerged, and quickly. In the 1940s, Beveridge aimed to "make want under any circumstances unnecessary";² and his blueprint went further than benefits to include as prerequisites full employment, the establishment of a national health service and family allowances. The same breadth of vision is required today.

A Beveridge moment?

In the UK we missed the opportunity to invest in decently sized earnings-related payments, unlike other European countries, including France, Germany and Scandinavian countries.³ The last of these still top league tables on poverty prevention and the



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wellbeing of children and citizens. I have argued before that it would take a seismic, ambitious moment like the one Beveridge took advantage of to help us get there.⁴ Is that where we are today? We certainly should not hesitate about creating a social security system that will prevent and end child poverty.

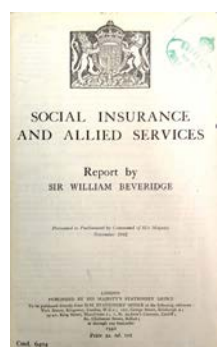
The government's own response to the pandemic teaches us two lessons: we need to hold people close to the labour market, and we need to make support more universal, drawing everyone together. When people are sick or unemployed, we should not hurl them on to poverty-level benefits (with a single person until recently getting £73 a week). That has been found wanting, with the government adding £20 a week to UC and working tax credits in light of the COVID-19 emergency. Paying 80 per cent of previous earnings while providing employment support enables people to return to the labour market without significant scarring by poverty. Paid parental leave set at a proportion of previous earnings would serve the same purpose for parents needing time out for a variety of reasons, including divorce.

Having a benefit system that is generous enough to protect people from financial shocks is of critical importance. If our benefit system functioned better, there might not have been a need for various job retention schemes to be established in response to the COVID-19 crisis. Through a combination of universal benefits, social insurance benefits in line with wages and generous 'light touch' means-tested benefits,⁵ for example, a properly functioning social security system could have provided a genuine safety net for people. Such a safety net would also have helped act as an automatic stabiliser, lessening the devastating impact of the inevitable recession. And public services should no longer be funded on a 'just in time' basis – people's lives are too important for that.

The importance of universalism

Means-tested benefits are less effective than universal benefits at preventing and ending poverty. Their failure is not just about generosity; they also fail due to complexity, low take-up, stigma and social control.⁷ But we have ended up with an almost entirely means-tested system. Non-means-tested elements need to be restored.

You could make means-tested benefits such as UC more generous, but that only gets you so far. We need to move away from stigmatising initiatives targeting the poorest sections of society, and pursue models that bring children and families together and help build a more equal society in which, truly, 'We are all in it together'.



In 1942, social economist William Beveridge (1879-1963) published a report, 'Social Insurance and Allied Services', that would provide the blueprint for social policy in post-war Britain.



As Beveridge said in his report back in 1942: "A revolutionary moment in the world's history is a time for revolutions, not for patching."⁵

Most developed welfare states, including our own, contain a mixture of universal and targeted benefits and services, but countries with more generous universal and contributory elements have lower child poverty and greater wellbeing overall.⁸ Some argue that the level of benefits for children is more important than structure.⁹ It can be more efficient to put money into generous means-tested benefits, but there are other reasons why universal support is needed. For example, child benefit and disability living allowance exist to meet the additional costs of children and disability respectively. These costs arise regardless of parental income or employment status and are not otherwise recognised in the tax system. These costs make the case for a kind of universal basic income for children stronger than for any other type of basic income.

Child benefit helps families meet the costs of raising children, is spent on children, is administered in a straightforward way and has high levels of take up. The two-child limit is not applied to child benefit, it supports families to stay out of poverty, preventing those above the poverty line from falling beneath. Our work in food banks has shown that child benefit is often the only income families have in hand while waiting for UC to be assessed and during the five-week (and frequently longer) wait before they receive their first UC payment. In times of crisis, child benefit provides a small, unchanging financial cushion. By contrast, UC assessments bring you face to face with the poverty trap each month; the greater certainty and security of tax credits were preferred by claimants we spoke to in Tower Hamlets.¹⁰

Politicians who care about the future of our welfare state should ensure that everyone benefits from the social security system on some level. Universal benefits and services help ensure that everyone has a stake in and is invested in the system. This drives up quality as well as ensuring public trust and support.

There is a growing appetite for universal approaches, including universal basic income. Not surprisingly, it is seen as the antidote to insecure employment and the punitive means-tested approach. Universal basic income could not replace the whole social security system, however, since it would give less generous provision for the poorest sections of society and would be extremely expensive. An idea well worth



Beveridge saw that philanthropy was not enough to remedy social inequality and the only sufficient action was a coherent government plan, as outlined in this illustration to a book of his speeches published in 1945 by the Social Security League.

discussing, is a partial basic income to act as a platform on which to build earnings and other income, perhaps paid for by turning the personal tax allowance into a credit.¹¹ If the amounts paid in child benefit as part of this scheme were high enough, it could make significant inroads into child poverty.

Other key services for families would function far better if funded on a supply-side basis and delivered free at the point of use. These include universal free school meals and universal childcare, including fully comprehensive extended schools provision from 8am to 6pm and throughout school holidays. Such universal services would pay for themselves over and over again through more parents being able to work, more children receiving enriching activities that increase educational attainment (that their better-off peers take for granted) and the ending of the means-tested stigma of free meals in the middle of the universal school day.

Will the pandemic change public opinion?

Public trust in and support for the benefit system has not been good in the UK. We need that support for lasting change. Governments (not just this one) have actively undermined the concept that the system is for everyone, promoting instead a narrative of strivers and skivers. This narrative will not wash in the current climate, in which hundreds of thousands if not millions face unemployment and financial hardship as a result of the COVID-19 pandemic.

The effects of neglecting prevention and security will soon become clear. For those falling through the intended economic cushion, it remains to be seen how



Mothers collect their family allowance at a post office in the 1940s. The Family Allowance Act 1945 came into effect in 1946 and provided the first child benefit.

they will manage on UC. We don't yet know whether the huge increase in claims following the COVID-19 outbreak in the UK will be manageable for the Department for Work and Pensions (DWP). At the time of writing, there were 1.4 million new claims for UC. At the time of publication, there are 3 million new claims for UC.¹² The system is being stress-tested, and the fact that UC has not fallen over under pressure so far is a pretty low bar. Whatever happens, further reform of UC is essential.¹³

Paying for it all

There are already agonised cries about how to pay for all this emergency support. What we absolutely cannot do is to pay for it on the backs of the poorest families as we did under the deficit reduction strategy after 2010. These low-paid workers and families are the people who took the biggest hit yet have now been seen to be the backbone of our country. These are the nurses, carers, cleaners, drivers, postal workers, utility workers and retail workers who have held the country and economy together in the face of great personal risk of infection.

We must finally understand that many of the British people claiming benefits are low-paid workers. Seven in 10 children experiencing poverty live with working parents who are rarely out of work for long, leaving out-of-work benefits on average within six to nine months. They have just worked, are working or are just about to work. That is the nature of our labour market. Poor and low-income British people work, pay tax and are contributors like everybody else. The attempt to suggest that there is a class that pays and another that takes has been a big lie. There have, of course, been significant increases since 2010 in the national minimum wage. But, in addition to decent wages, we need a social security system that

supports this work, keeps up with the cost of living and provides income security.

It is astonishing how readily reforms are made to social security: witness the move to more means-testing from the 1980s onwards. The same reforming zeal has not been applied to reform of taxation, and there are many options at the chancellor's disposal for raising revenue. Indeed, alongside the cuts to social security in the past decade, significant amounts have been spent raising the personal tax allowance, and yet around 80 per cent of the gains from this policy go to the richest half of the income distribution.¹⁴ And no satisfactory explanation has yet been offered for why deficit reduction after 2010 consisted of 85 per cent cuts and only 15 per cent tax rises.

So we need to reform taxation. There are several fruitful lines of inquiry, including emergency taxes for the highest paid and big business to help after the crisis, and asking the wealthy to contribute to a national recovery fund.¹⁵

Rising child poverty

The COVID-19 pandemic could not have come at a worse time. Child poverty is rising after 10 years in which we have seen more than 50 cuts to benefits, amounting to £36 billion less being spent this year on social security and rising to £40 billion less per year by 2023. The chant 'We are all in it together' took on a hollow ring after 2010 for anyone on the receiving end of an increasingly mean and punitive social security system.

We can't allow cuts to happen again. We must build back better. We need more universalism of the type we are celebrating today. We can no longer say it can't be done. And for those tempted to say we can't



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afford it, now is the time to make the changes to how we contribute to make sure we are in a better position in future to protect all our citizens in time of need. We need a more prepared, preventative and universal approach to our social infrastructure.

After the second world war, people voted for something different. People had made enormous sacrifices and were not prepared to return to the financial suffering of the inter-war years, specifically high unemployment, low wages and unemployment benefit cuts. If people feel anything like the same after this pandemic, there could be hope for real change.

Conclusion

We do not need a solely universal system, but a mixed one where universal benefits play a key part. If that had been in place when the COVID-19 pandemic took hold, the ability of the system to step in and support people financially would have been much improved, and the response from government may have looked different.

Our existing social security system has been stress-tested and found wanting. The government discovered that it could not possibly expect people out of work due to the pandemic to survive on the miserable meanness of UC. It had to boost levels of benefit and in addition create a whole new social security system for those potentially losing their jobs or businesses, set at 80 per cent of previous earnings. That is hugely welcome. And the judgement that it is unreasonable to expect people facing economic ruin to survive on next to nothing is correct. Its corollary is that it is not a reasonable expectation at any time. The UK has never set a standard below which people's incomes should fall based on any objective test of what people need to live on. Instead benefits have been subject to rises or cuts determined by other objectives. Shouldn't we today set a standard based on what is now considered acceptable – 80 per cent of previous earnings?

Garnham, A. (2020). *After the pandemic: COVID-19 and social security reform*. IPPR Progressive Review 27(1). Wiley.

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Volunteers sorting food donations in a food bank storeroom. During the coronavirus crisis, food banks have become even more in demand as many more people await their universal credit payments. Such demand could be decreased if our social security system was better functioning.



Socially distanced chairs await attendees at a food bank.



Footnotes

1. Child Poverty Action Group, 'Secure futures for children and families', CPAG website, cpag.org.uk/policy-and-campaigns/secure-futures-children-and-families
2. Beveridge W (1942) *Social Insurance and Allied Services*, Cm 6404, HMSO, p 9, para 17
3. Garnham A (2019) 'Social security – where have we been and where are we going? If universal credit is the answer, what on earth was the question?', article for Secure Futures, CPAG website, cpag.org.uk/policy-and-campaigns/briefing/social-security-%E2%80%93-where-have-we-been-and-where-are-we-going
4. See note 4
5. Beveridge W (1942) *Social Insurance and Allied Services*, Cm 6404, HMSO, p 6, para 7
6. Where means testing is less stringent and there is more room for income to rise and fall without affecting the award; for example, tax credits or pension credit.
7. Garnham A (2019) 'The problem with means-testing', article for Secure Futures, CPAG website, 3. Beveridge W (1942) *Social Insurance and Allied Services*, Cm 6404, HMSO, p 9, para 17
8. This was originally called the 'paradox of redistribution'; see Korpi W and Palme J (1998) 'The paradox of redistribution and strategies of equality: welfare state institutions, inequality and poverty, in the

- Western countries', *American Sociological Review* 63(5): 661–689. See also Bennett F and Lister R (2020) 'Universalism: shifting the balance' in Tucker J (ed) *2020 Vision: Ending child poverty for good*, CPAG
9. Bradshaw J (2020) 'Child Poverty and Child Benefits in Europe', briefing paper for Secure Futures, CPAG
10. Woodhuysen A (2019) 'Worse Off: The impact of universal credit on families in Tower Hamlets', CPAG, cpag.org.uk/policy-and-campaigns/report/universal-credit-what-needs-change
11. See Harrop A (2018) *For Us All: redesigning social security for the 2020s*, Fabian Society; Stirling A (2019) *Nothing Personal: Replacing the personal tax allowance with a weekly national allowance*, New Economics Foundation; and publications by Compass – see for example Lansley S (2020) 'The case for a universal basic income is stronger than ever', Prospect, April
12. gov.uk/government/collections/universal-credit-statistics
13. Tucker J (2019) Universal Credit: What needs to change to reduce child poverty and make it fit for families? CPAG, cpag.org.uk/sites/default/files/files/policypost/Universal%20credit%20-%20what%20needs%20to%20change_0.pdf
14. Author's calculations using UKMOD version A1.0+
15. There are many more ideas where this came from – see for example Bradshaw J (2019) *Let's Talk about Tax: how the tax system*

- works and how to change it, CPAG, cpag.org.uk/shop/cpag-titles/lets-talk-about-tax; and Buckle A (2020) 'Who pays for the recovery after COVID-19', *Poverty* 166 (see p11)
 16. For a full account of progress since the commitment to end child poverty in 20 years, see Tucker J (ed) *2020 Vision: ending child poverty for good*, CPAG, cpag.org.uk/shop/cpag-titles/2020-vision-ending-child-poverty-good
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