

Scottish Constitutional Reform – Next steps for Welfare Benefits?

The Scottish Campaign on Welfare Reform (SCoWR) organised an informal event on 31 October 2014, to allow members to discuss the key issues we feel that the Smith Commission needs to consider, if we are to move towards a social security system that, in the words of the [SCoWR Manifesto for Change](#) 'prevents poverty, treats people with dignity and respect and supports everyone to flourish'. As well as individual campaign members, representatives of a range of member organisations were present, including Scottish Women's Aid, One Parent Families Scotland, The Poverty Alliance, Oxfam, HIV Scotland, Inclusion Scotland, The Public and Commercial Services Union, The Action Group, The Wheatley Group, The Scottish Women's Convention, and Child Poverty Action Group in Scotland.

We are grateful to Stephen Kerr from the Commission for his participation in the meeting. This submission is not intended to represent the position of SCoWR as a campaign. Individual members have their own views regarding the ideal amount of devolution and have submitted their own responses. Rather, the notes below reflect some of the points made by those attending the meeting in relation to how the work of the Commission can take account of the five principles set out in our Manifesto, against which our members will be judging any proposals ultimately put forward.

1. Increase benefit rates to a level where no one is left in poverty and all have sufficient income to lead a dignified life

- The Minimum Income Standard should be the starting point for benefit levels in Scotland, and there should be powers to ensure these standards are met given to Holyrood (however this is achieved in practice).
- It is vital that taxation powers to fund any devolved social security benefits are also given to the Scottish Parliament. Otherwise any future savings from supporting people to progress in work, or controlling housing and childcare costs will flow to Westminster.
- In contrast, devolution of social security powers with an increase in the block grant risks the long term viability of the whole system. For example, the 'parity principle' of social security devolution in Northern Ireland prevents meaningful changes from being made. The Scottish Parliament must be empowered to review any benefits devolved to it, rather than merely deliver them.
- There is a concern that the political parties may have reached an agreement around devolving parts of the benefits system without the powers required to influence their impact on tackling poverty
- There is any opportunity to use more coherent policy responses to issues such as childcare or housing to invest in the supply side. This would provide funding to increase benefit levels in other devolved areas as pressure on housing benefit budgets decreases, for example.

- The idea of decent benefit levels is attractive, but fanciful in the current political climate at Westminster. Radical change currently seems the best hope for meaningful poverty reduction.
- There are opportunities to improve universal credit by looking at areas such as: monthly payments being made more flexible; support with council tax being brought back into Universal Credit; improved earnings disregards; reduced taper rates; reinstating disability premiums; reversing the move to household claims; removing the minimum income floor for self-employed claimants; and not withdrawing support with mortgage interest as soon as a household earns any income.
- UKBA asylum support currently leaves recipients near-destitute. Devolution of this responsibility may have a significant impact if a more generous scheme is introduced.
- Unless the powers devolved are meaningful in their reach, there is a risk that any 'islands of good practice' that are created will be swamped by the pressure put on them by welfare reforms elsewhere.
- There is a risk from partial devolution due to the interaction between different entitlements – for example if when (reserved) jobseeker's allowance is sanctioned this is offset by an increase in a devolved entitlement, this will reduce the resources available to increase benefit rates more generally.
- It is important to build on the tone of debate leading up to the referendum, to mobilise support for increased benefit entitlements. One issue with achieving this is that there has been little discussion thus far of the taxation required to fund such an investment.
- The social security system should be supportive, rather than punitive as is currently the case.
- Policy on wages, employment law and childcare entitlement can have an impact on the need for in-work means-tested benefits, re-balancing the system towards universal entitlements.
- A strong national framework is needed to ensure that wherever in Scotland someone lives they have access to a decent standard of living and avoid inconsistency of entitlements.
- Administrative costs are a significant factor – it should be carefully considered whether 32 different local authority schemes is always the best approach. Every pound spent on running the system is a pound not distributed to claimants.
- The power to supplement benefit rates or to introduce new benefits creates an opportunity to improve entitlements, but only if whatever is introduced is ignored when calculating entitlement to reserved benefits. However, this could also potentially increase complexity in an already Byzantine system.

2. Make respect for human rights and dignity the cornerstone of a new approach to welfare

- The design of any social security system must acknowledge the structural causes of poverty, rather than blaming individuals for their situation.

- A social security system should not start from the point of distrusting those it is supposed to protect.
- Any assessment of devolved social security powers must include an equality impact assessment, focusing on women, children, BME communities and disabled people, as well as those living in remote areas.
- Subsidiarity offers the option of delivery by government agencies closer to local people, and therefore the opportunity to influence the ethos of services.
- There are international examples of devolution resulting in discrimination against minority groups. Human rights legislation could be used to guard against this possibility.
- A focus on the rights of those accessing benefits must include not only the level of entitlements, but also how they are delivered and accessed. In the current system delays and poor assessments do not treat people with dignity.
- Information must be accessible to all, and transparent regarding the rights and entitlements a citizen has. This requires investment.
- There is an opportunity to make delivery channels more accessible and flexible, particularly to meet the needs of disabled people and those in remote areas. This is likely to depend on joining up with other local services, which may themselves be under pressure.
- The Scottish Government appears to be more open to a human rights-based approach. However, we should also consider which powers it makes sense to devolve, and to what level.
- Local labour markets and cultural difference are an important factor in deciding where powers should lie, as well as the attitude of government institutions to human rights.
- There is a need for greater accountability of those responsible for imposing sanctions (which is unlikely to be the frontline staff tasked with delivering a policy).

3. Radically simplify the welfare system

- There will always be a need to compromise between simplifying and personalising benefit entitlements.
- There is a risk that devolution will create an extra tier of administration and another additional bureaucracy with which benefit claimants must interact. Such a piecemeal approach risks having a negative impact on the most vulnerable claimants.
- Having said that, it cannot be assumed that local government should deliver any new powers devolved.
- If the power to radically simplify the system is devolved, there is a need for a meaningful public engagement looking at how this should be achieved.
- There is a significant difference between meaningful simplification and automation. Universal credit is an example of the latter in many ways.
- The introduction of in-work conditionality and deemed earnings rules is moving away from a more simple and responsive system.

- Devolution of administration of benefits without the corresponding power over policy direction is effectively adding complexity to the system.
- The use of the term 'simplification' can in effect disguise reductions to entitlement. For example, if local authorities join up attendance allowance with local social care provision (to give one example of a benefit suggested for devolution), those who receive the benefit but have no contact with social care services may end up excluded.
- There can be a danger in too much simplicity. It is vital that the social security system as a whole is robust and resilient enough to prevent people from 'falling through the cracks' and being left without support.
- The proposal to devolve housing benefit undermines some of the positives of universal credit, such as the single taper and reduced burden of reporting requirements on claimants.

4. Invest in the support needed to enable everyone to participate fully in society

- There is no need to link support with skills and employability to the benefit system at all.
- A safety net that provides real social security has no place for conditionality or sanctions.
- Punitive conditionality measures ignore the reality that the jobs are either not there or insecure. Addressing these aspects of the labour market will do far more to move people toward work.
- The culture of employability support programmes must be changed, particularly the Work Programme. It does not integrate well with the Scottish Employability Pathway and the profit motive doesn't sit well with the rest of Scotland's institutional landscape.
- Employment rights and legislation is an area of the law that could complement responsibility for labour market policy if also devolved.
- Those with disabilities or language barriers are often left without suitable support to allow them to flourish.
- Adequate and affordable childcare is particularly vital to the participation of women and lone parents in society.
- The possibility of devolving childcare support through tax credits raises questions of administration, and highlights the benefits of flexible childcare that is free to access for all.
- There must be investment in those who work for organisations delivering support to benefit claimants as well as in benefits. Something is wrong with a system that can impose conditionality requirements on those whose job is to administer it.
- The term 'localism' can be used to justify privatisation. Local communities should be given meaningful control of both powers and resources where services are delivered at this level.
- A careful balance must be struck between responsiveness to local circumstances and consistency of support across Scotland. Whilst local authorities do not have

meaningful revenue-raising powers a national scheme may be better able to support claimants.

5. Make welfare benefits work for Scotland

- Devolution to Scotland may be appropriate, or it may be better for powers to sit at a more local level. Any devolved powers must work alongside other policy areas already devolved.
- Some policy may work better when reserved to Westminster. For example, pensions and NI contributions would need to be disentangled from the UK systems, and corporation tax devolution may lead to a race to the bottom.
- Control over financial support with childcare is a good example of devolution which could make the overall policy response more coherent.
- Social security and employment policy together provide an automatic economic stabilizer that has been undermined, but could be re-instated with devolution.
- There is a risk in passing responsibility for delivery of any benefit to an organisation that does not control the policy levers affecting demand for that benefit. This applies when deciding between UK and Scottish schemes, and also Scottish and local schemes.
- This notwithstanding, the Scottish Government must provide support to those delivering benefits and a consistent minimum entitlement for any new social security powers, avoiding the creation of postcode lotteries.
- Accountability to and engagement with those relying on a particular benefit is a vital part of improving the working of the system.
- There is an argument for shifting from private to public provision in many areas, but however services are delivered they must bring meaningful improvements to local communities. For example planning powers and housebuilding can create local apprenticeships, benefiting communities in several ways.
- It is easy to list unpopular reforms that could be reversed in Scotland with increased devolution. For example, the safety net could be repaired and have punitive sanctions removed from it; and unpopular housing benefit or disability benefit reforms reversed. However, to make meaningful change requires substantial investment, and joined up thinking across all parts of Government, both national and local.

Contacts for further information

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We will be happy to put you in contact with individual members regarding specific points made in this response.