

## **Scottish Campaign on Rights to Social Security briefing: Covid-19 & social security**

**May 2020**

### **About us**

The Scottish Campaign on Rights to Social Security (SCoRSS) is a coalition of organisations who advocate for a reformed social security system that reflects the five principles set out in our Principles for Change. SCoRSS (previously the Scottish Campaign on Welfare Reform) encompasses over 40 organisations from key third sector organisations, charities, faith groups, and unions. Our members have a diverse range of experience and expertise and a strong understanding of social security and its impact on the people and communities we work with.

Since 2006, SCoRSS has highlighted the shared concerns of a diverse coalition of organisations in Scotland about the UK Government's welfare reform proposals. Since then, the coalition has informed debates on changes to both UK and Scottish government policy and has influenced the creation of Scotland's first social security system.

### **Impact of Covid-19 on people living on low incomes**

Prior to the Covid-19 crisis, over 1 million people were living in the grip of poverty in Scotland.<sup>1</sup> Since the unfolding of the crisis, households have seen their incomes cut – whether because of the loss of employment or the loss of hours – at a time when many report their costs are increasing. As a result, the scale of income crisis and hardship that our organisations have seen in recent weeks across Scotland is such that what was already a rising tide of poverty threatens to overwhelm unprecedented numbers of people.

The crisis has shone a light on many of the gaps that exist in our societal infrastructure; gaps through which more and more people are being pulled into poverty. The collective experience of our member organisations – and the people and communities that our member organisations work with – indicate that our social security system is too often unable to meet the growing needs of people living in – or at risk of being pulled into - poverty and hardship.

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<sup>1</sup> Scottish Government, *Poverty & Income Inequality in Scotland: 2016-19*, <https://www.gov.scot/publications/poverty-income-inequality-scotland-2016-19/>, 26 March 2020

While the impact of the crisis is being felt by every household in the country, it is apparent that the social and economic impact is not being equally felt. It is already clear that it is groups who are more likely to experience poverty and to rely on the social security system to stay afloat – such as women (especially those who experience multiple layers of discrimination, such as women who are lone parents), disabled people and people living with long term conditions, people from black and minority ethnic communities, and those with caring responsibilities – that are being disproportionately impacted in the short-term, and that may be disproportionately impacted in the longer-term by increased exposure to a social security system that too often compounds poverty and inequality.<sup>2</sup>

As a coalition of organisations, we believe in the need for a social security system that is rights-based, prevents and reduces poverty, treats people with dignity, and supports everyone to flourish. It is an investment in the people of Scotland and across the UK. While many of the priorities identified in this briefing existed prior to the crisis, the social and economic impact currently being felt by people across our communities mean that the need to urgently realise our shared vision is greater than ever.

### **The action we need from the UK Government**

The UK Government has taken some welcome steps in response to the Covid-19 crisis, such as increasing the Universal Credit standard allowance and Local Housing Allowance, along with the creation and subsequent extension of the Job Retention Scheme and the implementation of the Self-Employment Support Scheme. However, these changes will not be enough to prevent increasing levels of poverty and to protect everyone from harm. Even with the uplift to Universal Credit Standard Allowance many families will still experience hardship. An out of work family with two children, for example, will still be left 20% below the poverty line.<sup>3</sup>

To strengthen our social security system during the current crisis and lay the foundation for a stronger safety net post-Covid 19 as part of a just and green recovery, the UK Government must urgently introduce an additional package of measures aimed at boosting incomes and preventing an overwhelming tide of poverty and hardship.

SCoRSS members urge the UK Government to bring forward measures that should include:

- **Ending the benefit cap**, which has led to debt, poverty, and homelessness for many families. Many households, including new claimants, are newly subject to the cap due to job losses or because their working hours have been

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<sup>2</sup> Resolution Foundation, Risky business: Economic impacts of the coronavirus crisis on different groups of workers, <https://www.resolutionfoundation.org/publications/risky-business/>, April 2020

<sup>3</sup> Child Poverty Action Group, *Supporting Families During the Covid-19 Pandemic*, <https://cpag.org.uk/policy-and-campaigns/briefing/supporting-families-during-covid-19-pandemic>, 17 March 2020

cut while others will not benefit from the increases to Universal Credit standard allowance, tax credits and Local Housing Allowance. Lifting the cap would particularly benefit lone parents and larger families.

- **Removing the two-child limit**, which undermines women's rights, ignores the realities of choice in pregnancy and then punishes women and their children with deeper poverty. At a time when families are struggling to stay afloat, it will push even more into poverty and must end. A recent CPAG report shows 60,000 families are likely to be affected by the policy as a result of Covid-19.<sup>4</sup>
- **Increasing child benefit, Universal Credit child element and child tax credits**, which can all provide an urgent cash boost to families who were already struggling to get by and who now face additional financial pressures, and help avert the very real threat of a rising tide of child poverty.
- **Introducing non-repayable Universal Credit advance payments**, to ensure that the huge numbers of people expected to apply for Universal Credit in the coming weeks and months (and who have already applied and are awaiting their first payments) are not forced into either waiting five weeks for a first payment – and risk deeper poverty and food insecurity – or getting into debt by getting an advance. Claimants who are currently repaying previously taken advance payments should see these deductions suspended. In the longer-term, the in-built five week wait should be removed entirely.
- **Reducing the Universal Credit Taper Rate**, to allow workers to take on more work - where this is available and can be undertaken safely - in the knowledge that they will be able to keep more of what they earn.
- **Introducing a Universal Credit Work Allowance for all who do not currently meet the criteria for the existing Work Allowance**, to support those who at present don't have one – such as single people and couples without dependents who don't have a limited capability for work – to ensure more of their wages can be used to access a decent standard of living.
- **Increasing the level of legacy benefits by £20 a week** to reflect the increase in Universal Credit standard allowance, and to prevent the development of a two-tier system of support that would disadvantage those people (including significant numbers of disabled people and people living with long term conditions) on legacy benefits such as Jobseekers Allowance and Employment and Support Allowance.
- **Uprating the entitlement of under 25s to the same rate as over 25s**, to ensure that the needs of young people - who are over-represented in the

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<sup>4</sup> Child Poverty Action Group and the Church of England, *No-one knows what the future can hold: The impact of the two-child limit after three years*, <https://cpag.org.uk/policy-and-campaigns/report/no-one-knows-what-future-can-hold>, May 2020

employment sectors most impacted by the current crisis - are met. This would also ensure that young single parents and their children, who are already at significantly higher risk of living in poverty, are better supported and that they are not pulled deeper into hardship.

- **Increasing Local Housing Allowance to cover median rents**, to help cover the cost of rents across the country and prevent the accrual of rent arrears and additional debt.
- **Increasing Carer's Allowance to ensure an adequate standard of living for unpaid carers while widening eligibility to those people on state pension who are caring for someone who is self-isolating**, in recognition of the significantly increased financial burden being placed upon carers during the Covid-19 crisis. In addition, increase associated carer premiums, for example on Pension Credit, Universal Credit, and Income Support. Together, these measures would help support more carers who are facing increase financial pressures and recognise that many carers were already living in poverty pre-crisis.
- **Increasing asylum support by £20 a week**, to reflect the increase in Universal Credit standard allowance and ensure that those who are entirely reliant on asylum support are not pulled into further poverty and destitution.
- **Ending the No Recourse to Public Funds (NRPF) system** to enable everyone to access Universal Credit and Statutory Sick Pay. With the High Court recently declaring the NRPF system to be a breach of the European Convention on Human Rights, it must urgently end in order to protect individuals and families at serious risk of poverty and destitution.
- **Ensuring that all disabled people receive the support they need without delay**, by ensuring that Personal Independence Payment (PIP) applications are dealt with at speed. Indications suggest that people are struggling to make claims for disability entitlements and are facing delays. Prior to Covid-19, Personal Independence Payment (PIP) applications were recorded at 13,000 per week across the UK. Subsequently, this has dropped to 5,000 per week; potentially indicating that large numbers of people are going without the support they need, principally owing to Department for Work and Pensions staff being moved away from handling PIP claims.<sup>5</sup>
- **Providing clarity on the extension of fixed-term awards for PIP and Disability Living Allowance.** The Department for Work and Pensions' commitment to automatically extending review dates for people with ongoing

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<sup>5</sup> Justin Tomlinson MP, Work and Pensions Select Committee, 23 April 2020, <https://parliamentlive.tv/Event/Index/86ed5d4f-9daf-40b0-9b97-384ddc6cc897>

awards is welcome.<sup>6</sup> However, the approach being taken to extending fixed-term awards is unclear, with confusion around policy and practice meaning people may miss out on their entitlements.

### **The action we need from the Scottish Government**

The Scottish Government, at the outset of the Covid-19 crisis, introduced a welcome package of support targeted at people living on low incomes, including a sizeable increase in the budget of the Scottish Welfare Fund. The commitment to the ongoing prioritisation of the Scottish Child Payment is also hugely welcome, and it is essential that work to deliver this continues at speed.

It is clear, though, that in response to the current crisis more must be done to use the powers, mechanisms and structures available to the Scottish Government to boost the incomes of people struggling to get by, thereby both strengthening and embodying the principles enshrined in the Social Security Act.

SCoRSS members urge the Scottish Government to bring forward an additional package of measures that should include:

- **Investing in an emergency package of financial support for families on low incomes**, aimed at bringing forward the equivalent level of support to be provided to families by the Scottish Child Payment, and to ensure that Scotland's ambitions around ending child poverty are not critically undermined. Options for providing an emergency income boost to families through existing funding mechanisms include providing Covid-19 crisis grants to families on qualifying benefits, increasing the value of the Best Start Grant, and significantly increasing School Clothing Grants.
- **Build on the welcome one-off increase to Carer's Allowance Supplement in June 2020**, with an early commitment to replicating this within the next round of payments due in December 2020 to provide financial respite and reassurance to carers facing additional financial pressures, and to permanently increasing the value of the payment in the longer-term. Consider further emergency measures, such as a new dedicated Carer Wellbeing Fund, facilitated through carers centres, to help all carers facing financial hardship, including those not eligible for Carer's Allowance. These short-term steps should lead to a step-change in the value placed on carers in Scotland, including via the roll out of the new Scottish Carers Assistance.
- **Ensuring the Scottish Welfare Fund responds more flexibly to needs**, including by ending the presumption against short-term awards and increasing the level of awards provided to different categories of applicants.

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<sup>6</sup> Coronavirus update - benefit reviews and reassessments suspended, <https://www.gov.uk/government/news/coronavirus-update-benefit-reviews-and-reassessments-suspended>, 25 March 2020

- **Monitoring Scottish Welfare Fund uptake and performance** and committing to increasing investment – both in the administrative and programme budgets – in response to any increase in identified need, thereby supporting the Scottish Government’s commitment to ‘cash-first’ approaches to tackling income crisis, including those resulting in food insecurity and therefore mitigating the need for vouchers or food aid.<sup>7</sup>
- **Ensuring rapid updates are made to all public information on the Scottish Welfare Fund**, to reflect recent developments such as the removal of the rule preventing people from making more than three crisis grants in 12 months and to reflect pre-crisis concerns about a lack of public awareness of the Fund.

**For more information, please contact:**

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<sup>7</sup> Menu for Change, *The Scottish Welfare Fund: Strengthening the Safety Net: A Study of Best Practice*, <https://menuforchange.org.uk/wp-content/uploads/2019/06/Menu-for-Change-Scottish-Welfare-Fund-2019.pdf>, June 2019