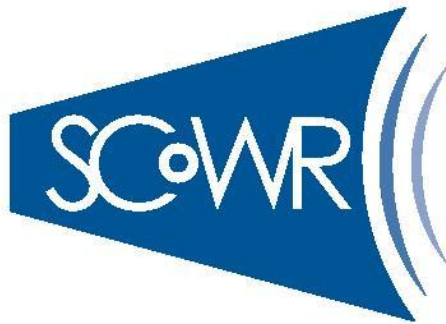


# Scottish Campaign on Welfare Reform



## Welfare Reform Bill 2011 Briefing

### About SCoWR

The Scottish Campaign on Welfare Reform (SCoWR) is a coalition of over forty leading organisations<sup>1</sup> including Action for Children, Capability Scotland, Citizens Advice Scotland, Child Poverty Action Group, Inclusion Scotland, One Parent Families Scotland, Oxfam, Poverty Alliance, SAMH and the Scottish Council of Voluntary Organisations. Members work with people experiencing exclusion and poverty across Scotland. We support the need for a reform of welfare provision to increase support for those trying to get into the labour market and protect those unable to do so. However, SCoWR is concerned that current debate on Welfare Reform reinforces unfounded myths that welfare is so generous that claimants are choosing not to work, and so lax that benefit fraud is a major problem. Debate ignores the fact that benefit rates remain below the poverty line, and fraud accounts for less than a penny in every £1 paid. We believe investing in welfare and insuring against the risks of ill health, disability and unemployment require upfront investment, but would pay a massive return, slashing the cost poverty imposes, removing barriers to employment, enhancing the lives of our most vulnerable citizens and boosting the security of us all.

This briefing draws on the SCoWR manifesto to set out **five key principles for welfare reform** agreed by our diverse membership. It **calls on the House of Lords to ensure these principles underpin debate and decisions on the Welfare Reform Bill**.

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

SCoWR believes that the value of basic benefits should match Minimum Income Standards, currently calculated by the Joseph Rowntree Foundation as £175 per week for a single person, based on what members of the public think is enough money to live on. Those who are ill or disabled should get additional support to cover additional costs, estimated at around 25% higher on average. However, current benefit and tax credit levels leave many people in and out of work well below this standard, and welfare cuts are further impoverishing many. Universal Credit (UC) currently does nothing to bridge the gap between benefit rates and Minimum Income Standards, whilst the £2.1 billion cut in disability benefits associated with the introduction of Personal Independence Payment risks greater poverty for disabled adults. Most disabled children will be made worse off by the proposal to introduce a disability addition within Universal Credit worth less than half the current disability element within child tax credit.

A focus is now needed on the adequacy of Universal Credit and the wider social security system to protect people from poverty in and out of work. Until this issue is tackled explicitly, welfare reforms will continue to leave people inadequately supported, making it even more difficult for them to get back into work. The imposition of financial sanctions, and automatic recovery of overpayments caused by official error will drive vulnerable citizens deeper into poverty, and these must be addressed in addition to the rates of universal credit.

SCoWR calls on Parliament to **ensure Minimum Income Standards, and the additional costs of disability, are taken into account when setting universal credit rates...**

## **2. Make respect for human rights and dignity the cornerstone of welfare reform**

SCoWR is concerned that the focus on increasing conditionality attached to welfare entitlement risks undermining the dignity of those seeking financial support when already under severe pressure. For example existing Work Capability Assessments for people claiming Employment and Supporting Allowance (ESA), including those who are terminally ill, too often feel pointless and humiliating.

The proposal to review every claim for Personal Independence Payment (PIP) is not backed by evidence to show that indefinite awards of disability living allowance are incorrect, and will increase complexity and costs when those with lifelong impairments have little or no likelihood of change to their needs. More restrictive entitlement criteria, making people wait an extra three months for vital financial support and removing entitlement to PIP from those with less severe disabilities may have a devastating impact on their ability to live independently, which has not been adequately assessed. There is further risk that the proposed PIP will restrict support for carers and fail to recognise their contribution to society.

Furthermore the Bill pays little attention to the structural barriers (e.g. discrimination, employer inflexibility, lack of childcare, rising unemployment and job insecurity) that impede progress into, and retention in, labour markets. **SCoWR does not believe that new conditions and threats of sanction are an effective way of supporting more people into work. Such proposals treat claimants in a punitive and undignified manner.** The evidence shows that if the right support is available at the right time, people will be empowered to move into, or stay in, work. The 'claimant commitment' as designed is a compliance condition that the state imposes on claimants. SCoWR calls on parliament to re-think conditionality, and ensure that support to help people towards work is collaborative and engages those it is designed to help in the process of deciding what will work for them.

SCoWR also believes that people should have the right to choose how their entitlements are paid to them. If they would welcome housing costs being paid to their landlord, this should be their right.. Payments should be available to the main carer, if they are intended to meet the needs of children.

## **3. Radically simplify the welfare system**

SCoWR has long called for the simplification the system by harmonising the tax credit and benefit systems so that people can move into work without financial disruption and by uprating the earnings disregard to remove barriers to paid employment. We therefore welcomed the principles behind universal credit and the intention of allowing people to hold onto more of their earnings as they enter and increase their hours of work.

We are however **seriously concerned** that these principles have been undermined by

- **proposed taper rates that will make many households even worse off** (Promises to protect potential losers through transitional arrangements will mean little when benefits and tax credits have already been so drastically cut).
- a proposed **devolution of council tax benefit** that has the potential to create a myriad of withdrawal rates undermining the principle of a single taper;
- **increases in conditionality**, and the number of claimants subject to increased conditionality, that in themselves will create greater complexity without any evidence of efficacy in increasing employment rates;
- **the proposal to treat self-employed claimants as earning the national minimum wage**, which will put at risk new business ventures;
- **the proposed 'simplification' of support with housing costs**, which includes breaking the link between rents and entitlement, and penalising those who 'under-occupy' in the social rented sector threatens Scotland's achievement of its homelessness target. These are not needless complexities that can be ironed out without causing significant hardship to vulnerable families.

- the reliance on an untested IT system, with the potential to leave families without any financial support in the event of failure. Timescales for the introduction of universal credit must be flexible to ensure that the system is robust before it is rolled out.
- the proposal to require claimants to request a reconsideration of a decision before gaining a right of appeal. This is something that the law already gives the administration authorities the power to do. The change increases the complexity of the system, placing an extra barrier in the path of claimants challenging incorrect decisions. If the aim is to reduce the number of appeals investing in the training of decision makers to ensure more decisions are right first time would be a far better way to achieve this goal.

SCoWR believes that the system needs to be simplified by increasing the provision of non-means tested support, and extending universal benefits on the basis that they are simpler, easier to administer and do not suffer the stigma associated with means-testing. The reliance on the means-test as the foundation of the welfare state was rejected by Beveridge as fundamentally inadequate to tackle poverty and inequality. We urge Parliament to take this opportunity to re-open the debate about the meaning of social security and protection. This is why **we are seriously concerned by the proposed time limit to contributory employment and support allowance, and the abolition of a non-contributory route to benefit for people who are disabled since childhood. We continue to call for amendments that would mitigate the harshness of this proposal and give flexibility to lengthen time limits.**

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

SCoWR believes the welfare system should give guaranteed access to well resourced wide range of employment services to all those who are seeking work, and that childcare should be affordable and available to all parents to enable them to engage fully in society.

The success of Universal Credit will depend on the level of childcare support available. We are therefore concerned that increases to the conditions claimants face are not being balanced by a statutory entitlement to high quality personalised support and that the cuts in childcare support will carry over into the new system. We believe that childcare support should be provided at a level at which work incentives are maintained, and **call for the government to set out adequate proposals to achieve this in primary legislation.**

#### **5. Make welfare benefits in Scotland, suitable for Scotland**

SCoWR believes that all welfare reform should take account of the very different legislative framework in Scotland so that it is integrated with Scottish childcare, training and other key devolved areas of responsibility. We are concerned, for example, that parents face increased risk of sanction if they are unable to work or participate in work related activity as a result of the lack of suitable childcare even though childcare provision, and the statutory framework underpinning that provision, is devolved and varies across the UK. **SCoWR supports amendments that remove increased conditionality or mitigate its effects**, for example to ensure that where a claimant cannot access childcare suitable for their family's needs sanctions may not be imposed.

The proposal to introduce, through regulations, cuts to the amount of benefit that working-age tenants can receive if they are deemed to have a spare bedroom in their council or housing association home is another example of where the implications of the Bill for devolved policy have not been taken into account. The proposals will have significant impact on devolved housing policy (given the particular shortage of smaller housing), provision of adaptations in disabled people tenancies and risk discouraging foster and kinship care arrangements unless specific arrangements are made to exempt them

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<sup>i</sup> SCoWR members include: Action for Children Scotland, Action Group, Afreshe, Archibald Foundation, Barnardos in Scotland, Bipolar Scotland, Capability Scotland, Carr-Gomm Scotland, Children 1<sup>st</sup>, Child Poverty Action Group, Choices - One Parent Families West of Scotland, Church and Society Council of the Church of Scotland, Church Action on Poverty, Citizens Advice

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Scotland, Ecas, Edinburgh Coalition Against Poverty, Energy Action Scotland, Faith in Community (Scotland), Glasgow Council for the Voluntary Sector, Glasgow Disability Alliance, Glasgow University Students' Representative Council, Headway UK, Hillcrest Housing Association, Inclusion Scotland, Iona Community, Leonard Cheshire Scotland, Margaret Blackwood Housing Association, Momentum, National Autistic Society, One Parent Families Scotland, Oxfam in Scotland, Poverty Alliance, Public and Commercial Services Union, Quarriers, RNID Scotland, Salvation Army, SAMH, Save the Children in Scotland, Scotland's Commissioner for Children and Young People, Scottish Council for Single Homeless, Scottish Drugs Forum, Scottish Federation of Housing Associations, Scottish Homelessness & Employability Network, Scottish Out of School Care Association, Scottish Poverty Information Unit, Scottish Womens Convention, SCVO, Sense Scotland, Turning Point Scotland.