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**Social security: our powers to build a safety net for all**

The safety net of social security should protect all of us from poverty, support us to live a decent life, and to live it with dignity. Covid-19 has shown, all too starkly, just how much we can’t plan for. The loss of a job, ill-health, bereavement or the breakdown of a relationship, can all change our circumstances, our security, in a flash. Without help, these crises can develop into long-term hardship[[1]](#endnote-1). We need a safety net to protect and care for each other in times of need. Providing social security through the state is the only viable way to deliver social security on a universal basis and on the scale necessary to provide help, if we need it, at every stage of our lives, from cradle to grave.

In our current system, for most of us, work is actually our first safety net. We expect to meet our needs ourselves through earnings from employment, whether that is because we are (or someone in our household is) working now or because we used to work, and therefore through our pensions. Our system of social security has evolved to meet basic needs if we can’t work or if our earnings are too low to meet our needs. The extraordinary growth of in-work poverty - 60% of working age adults in poverty and 65% of children in poverty live in a household where someone is in employment[[2]](#endnote-2) – demonstrates how far short work falls for many people at meeting our basic costs of living.

The high and rising number of people experiencing poverty in Scotland demonstrates how far short our social security system falls at also meeting our basic needs.

Over one million people in Scotland are currently living in poverty[[3]](#endnote-3), including 240,000 children, 640,000 working-age adults and 150,000 pensioners. While Scotland has slightly lower levels of poverty than most other UK nations and regions, mainly due to lower housing costs and a bigger social rented sector, poverty is rising[[4]](#endnote-4). These pre-pandemic figures are set to rise even further because of the social, economic and political consequences of Covid-19.

The pandemic has magnified existing inequalities and has hit poorer households the hardest. Women in Scotland are still more likely to be in poverty, to experience in-work poverty, and to experience persistent poverty than men. 20% of women’s total income comes from the benefits and the tax credit system, compared with 10% of men’s. Women continue to be more likely to be in low paid, undervalued work and undertake most care for both children and elderly relatives and there is a particularly high risk of poverty among black and minority ethnic women, disabled women, lone parents, and refugee and asylum-seeking women[[5]](#endnote-5).

More people in Scotland are disabled than the rest of the UK, with 23% of people reporting having a disability or long-term illness in 2016-19, compared to the UK figure of 21%. Disabled people are also more likely to experience poverty, with 31% of disabled people in Scotland living in poverty[[6]](#endnote-6).

There are also persistently high levels of inequality in Scotland. The Poverty and Inequality Commission[[7]](#endnote-7) find the top 10% of the population had 24% more income than the bottom 40% combined and the wealthiest 1% of private households owned more wealth than the bottom 50%.

These inequalities are reflected in life chances, whether in health outcomes, with a boy born in 2018 in one of the 10% most deprived areas of Scotland having a life expectancy 13 years shorter than a boy from the most affluent area; or in educational attainment, when at age five, children in families in the highest 20% of earners are already around 13 months ahead in their vocabulary compared with children in families in the bottom 20% of earners.

The failure of the current social security system to prevent poverty is laid bare by 40% of people in receipt of income-related benefits experiencing poverty. The situation is even more stark for children who live in families in receipt of income-related benefits. These children are over three times more likely to live in poverty than those whose families are not in receipt of income-related benefits[[8]](#endnote-8).

For a social security system to fail to deliver enough income to prevent poverty, is a fundamental failing. The system is also consistently criticised for:

* the harsh conditions people must meet to receive support and the associated sanctions for not meeting these conditions.
* the unfair, undignified and unreasonable tests for illness and disability benefits.
* gaps in support (such as the five-week wait for Universal Credit) and transition (cliff edges) between different benefits that suddenly leave people struggling; and
* how difficult it is to get the support you need and to navigate the system, which is increasingly online.

*What do we have the powers to deliver now?*

The Welfare Reform Act 2012 shifted responsibility for delivering some benefits to Scotland, in particular ones administered by local authorities, including support from the Scottish Welfare Fund and council tax reduction schemes. This did not involve any devolution of power but allowed for some flexibility in how the schemes were administered and the responsibility for the funding.

The first devolution of powers came shortly afterwards, when the Scotland Act 2016 created the first significant new powers on social security for the Scottish Parliament and Scottish Government. Explicit areas of social security are devolved to Scotland, with anything else still reserved to the UK Government. Disability benefits, a large and complex area of social security, are among those devolved, along with powers to top-up any benefit, create new benefits and vary some aspects of Universal Credit[[9]](#endnote-9). Powers over Universal Credit, the main vehicle for providing social security across the UK and delivered to half a million people in Scotland, remain reserved. Where benefits are administered by the HMRC, such as Child Benefit, Guardian’s Allowance, Working Tax Credit, and Child Tax Credit, these are also reserved across the UK.

For people in Scotland, social security is now provided by three different spheres of government: the UK Government, the Scottish Government, and local authorities. Each has responsibility for providing different social security benefits.

In 2019/20 around £228.5 billion was spent was spent in the UK on social security benefits and tax credits. Of this £19.2 billion (8.4% of the UK total) was spent in Scotland, with £3.3 billion related to benefits devolved to the Scottish Government. At 17%, devolved benefits (mainly disability and carers’ benefits) remain a small proportion of total social security expenditure in Scotland[[10]](#endnote-10). Any shortfalls between the set-up costs and steady state running costs for Social Security Scotland and the amounts transferred under the Fiscal Framework will have to be met from the Scottish Government’s budget.

The Scottish Government has used its powers since 2016 to create a new social security agency, Social Security Scotland, to deliver the devolved social security benefits. Based in Dundee and governed by a new charter, it sets out to take a human rights approach; demonstrate dignity, fairness and respect in all its actions; and involve people with experience of poverty and the social security in its design and delivery[[11]](#endnote-11).

In April 2020, full financial and legal responsibility for social security benefits devolved by the Scotland Act 2016 was transferred to Scottish Ministers. However, Social Security Scotland is not ready to deliver most devolved benefits itself and almost all continue to be delivered by the Department of Work and Pensions (DWP) under agreements where the Scottish Government pays the DWP to deliver them until they are fully replaced by new Scottish equivalents. Of the £3.3 billion spent on devolved benefits in Scotland, only £0.4 billion is currently delivered by Social Security Scotland[[12]](#endnote-12).

Many of the new powers for social security in Scotland, have been targeted at tackling child poverty, in line with the Child Poverty (Scotland) Act 2017, in particular the Scottish Child Payment, a new benefit of £10 a week for each child under 6 in a family with low income. *Scottish Choices* give people in Scotland claiming Universal Credit more options about how they receive Universal Credit, including a portion going direct to a landlord to cover rent, and receiving it twice a month instead of the standard monthly payment. Several previously reserved benefits have been adapted and made more generous in their devolved configuration, such as Best Start grants and the Carer’s Allowance. Discretionary Housing Payments, administered by local authorities, have been adapted to mitigate the costs of the bedroom tax, benefit cap and local housing allowance.

The first years of delivering devolved benefits have highlighted a number of key challenges. The costs of the new agency, Social Security Scotland, are approximately £55 million higher than anticipated[[13]](#endnote-13). Finding enough people with the right skills has led to the agency operating with a 30% vacancy rate and paying consultants, often from outside Scotland, to cover key roles at a much greater costs than directly employing staff[[14]](#endnote-14). This, combined with significant problems in data sharing between the DWP and Social Security Scotland, has led to delays in programme delivery. Current commitments are for devolved benefits to be delivered by Social Security Scotland in 2025, four years later than planned[[15]](#endnote-15). For people seeking support, and advisors helping people to get it, the creation of a new social security agency has also added to the complexity of the systems people have to navigate to get the help they need, with four actors, the DWP, HMRC, Social Security Scotland and local authorities, all providing different benefits[[16]](#endnote-16).

While these challenges demonstrate how difficult it is to devolve powers over social security, they show the problems have been about the technical challenge to build the infrastructure to deliver a social security system. This is not a fundamental obstacle to devolution, and it can reasonably be expected to lessen over time, as the technical requirements are developed and the infrastructure is built.

The biggest challenge to the planned delivery of social security in Scotland is how existing devolved powers can be used to do *more* to protect all of us from poverty, support us to live a decent life and to live it with dignity.

In the recent Scottish parliamentary elections, all five major parties committed to doubling the Scottish Child Payment, yet a timetable for doing this remains vague. This is despite the latest modelling from the Fraser of Allander Institute showing how effective a lever this is at meeting the child poverty targets, by reducing from the 25% of children living in poverty today, to 18% in 2023/4 and 10% in 2031[[17]](#endnote-17). There is no limitation on the powers of the Scottish Government to deliver at this scale, and there are budgetary considerations, with estimates to reach the 18% target requiring £600 million - but it is a political choice about whether to act.

The Scottish Child Payment is a helpful model to demonstrate how several serious design flaws with the current UK social security system that have penalised particular groups, such as larger families, single adults and disabled people, can be addressed with targeted support using our existing devolved powers. For example, the Scottish Child Payment itself could be adapted to target increased support to families with more than two children and a low income thus overcoming the deeply unfair two child limit on UK benefits.

More generally, the way the Scottish Child Payment has been created as a new benefit, where eligibility comes from entitlement to other benefits, could also be used to target other groups who experience structural poverty and inequality. Using this method, we already have the powers to increase the income of disabled people, carers, care leavers and single adults, for example.

The wait of at least five weeks for the first payment of Universal Credit has been widely criticised for increasing people’s debt and undermining mental health. It is strongly correlated with increased use of food banks[[18]](#endnote-18). With existing powers, the Scottish Government could act to reduce or remove the five-week wait by targeting support to people at the start of a claim. This could be an addition to Scottish Choices (specific mitigations to Universal Credit) or by providing crisis grants through the Scottish Welfare Fund. The cost of mitigating this in full is high, in the hundreds of millions a year[[19]](#endnote-19), but we already have the powers to do this. A more fundamental question is if we have the powers to raise the funds to pay for this?

Disabled people have widely criticised the implementation of Universal Credit for its unfair, undignified and unreasonable tests for disability benefits, in particular the assessment for Personal Independence Payments (PIP). DWP figures for 2020 show success rates for initial decisions being reconsidered at an astonishing 57% for PIP and over 80% for Employment and Support Allowance[[20]](#endnote-20). Social Security Scotland has set out how “a holistic, person centred approach to providing Disability Assistance will be used to ensure the needs of individuals are met”[[21]](#endnote-21) when delivery for disability benefits moves to Scotland over the next four years. The new delivery process has involved significant input from disabled people with experience of claiming social security. As a result, the use of private sector assessors, such as SERCO, is replaced by in-house carefully trained assessors, and the burden of proof of illness and disability is considerably reduced. Yet again, this shows how existing devolved powers can be used to address fundamental failings of the UK social security system and deliver social security in a way that supports us to live a decent life and to live it with dignity.

*What do we need additional and different powers to deliver?*

The Welfare Reform Act 2012 set out how Universal Credit would replace six existing benefits (Income Support, Income-based Jobseeker’s Allowance Income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit) rolling out from April 2013. As set out above, key features have been barriers to providing a safety net to prevent poverty, such as the five-week wait, monthly payments in arrears, cap on how many children are supported (the benefit cap) and the bedroom tax. Some of these have been mitigated through devolved powers, and many of them can be mitigated using existing powers. There remain two areas that Scotland would need more powers to address differently.

1. *Removing sanctions*

Scotland does not have the powers to act to mitigate or remove the sanctions used as a penalty for failing to meet the necessary conditions to be eligible for Universal Credit. The Scotland Act 2016 is explicit that devolved powers do not extend to

providing assistance where the requirement for it arises from reduction, non-payability or suspension of a reserved benefit as a result of an individual's conduct (for example, non-compliance with work-related requirements relating to the benefit)[[22]](#endnote-22).

A 2016 report for the Scottish Greens explored how the use of sanctions could be reduced or removed in Scotland. It concluded, at best, the level of sanctioning could be reduced by withholding data from the DWP on who was not meeting the conditions of employment programmes, which are devolved[[23]](#endnote-23). This would prevent the DWP from administering sanctions. Professor Paul Spicker comes to the same conclusion in a separate paper, arguing in circumstances ‘where people have been sanctioned without a hearing, the Scottish Government could exercise its discretion to make payments to mitigate the sanction’[[24]](#endnote-24).

To change or remove the sanctions regime in Scotland requires *additional powers* but not necessarily independence. Using the same approach established to deliver Universal Credit differently through Scottish Choices*,* Scotland could seek additional powers to add the management of any sanctions to the Scottish Choices package*.* The test for the existing Scottish Choices appears to depend on whether the devolved delivery can be managed concurrently with the Secretary of State’s responsibilities and is practicable[[25]](#endnote-25). This case can be made.

1. *Scrapping Universal Credit*

The last eight years present a catastrophic track record for Universal Credit. Almost every aspect has left people struggling to meet costs, worried about what happens next and embarrassed by their experience. The people administering the system have also faced multiple problems surrounding its delivery, from understaffing and stress to poor IT systems and inadequate training[[26]](#endnote-26). It is no surprise the Scottish National Party, the Scottish Labour Party and the Scottish Greens have all committed to scrap Universal Credit, should they have the power. To do this would require additional powers to deliver most of the social security in Scotland, much more than the current devolved powers over a mere 17% of social security. It would effectively give Scotland the power to manage the social security system, leaving only benefits delivered by HMRC reserved, such as Child Benefit.

Until just a couple of days before the publication of the Smith Commission in 2014, its recommendations were to do just that and devolve the power to vary all the key elements of Universal Credit, as well as Child Benefit, Guardian’s Allowance, Maternity Allowance, and the operations of Jobcentre Plus in Scotland[[27]](#endnote-27).

With Social Security Scotland, and associated statutory bodies, already established, Scotland is in a stronger position now, more than ever, to assume responsibility for Universal Credit or any social security system to replace it.

*Basic income and minimum income standards*

Universal Basic Income (UBI) and a Minimum Income Standard are two increasingly popular models that could replace Universal Credit in Scotland, with both aiming to increase the financial support from the state to meet basic needs, reduce insecurity and eradicate poverty.

The UBI model provides every individual, both adults and children, with a minimum payment to meet basic needs. It is unconditional and non-withdrawable, irrespective of other sources on income. The biggest challenge for UBI is whether the level can be set at a high enough rate to meet the needs of even those who need the most support and remain affordable for government to deliver. Estimates for a UBI across the UK suggest a cost of £67 billion a year, but this would give adults a basic income of only £7,706, much too low to meet people’s needs. Four areas of Scotland have worked together to develop a UBI model, with the aim initially to run a pilot scheme[[28]](#endnote-28). Their research concludes that it is not even possible to test a pilot, let alone implement UBI, because of the substantive and complex legislative, technical and delivery changes that would be required. A UBI approach is so fundamentally different, in particular around its relationship to fiscal powers, it’s hard to imagine Scotland securing enough powers to be able to implement this approach without full independence.

However, the Minimum Income Standard is a model which has the potential to be delivered with more powers, without the need for independence. IPPR Scotland develops this model in detail setting out how an income floor could be set ‘beneath which no one should fall, ensuring that everyone can feed themselves and their family, heat their home, and live with dignity’[[29]](#endnote-29). In practice, this would be a targeted payment based on differing needs for those who would not otherwise have enough income to live a decent life. The targeted payments are organised by different household sizes, caring responsibilities, disabilities and relationship with paid work. They would be transformative, benefitting 2.5 million people in Scotland and eradicating working-age and child poverty. This could be delivered at a cost of £7 billion a year. Incredibly, more than half of this cost could be met if social security spending was increased to 2010 levels. IPPR Scotland argues this Minimum Income Standard could be delivered with full powers over working-age social security payments and some further devolution over employment rights and the labour market.

*Conclusion*

Providing a safety net of social security to protect all of us from poverty, support us to live a decent life and to live it with dignity, is fundamental to any society founded on the principles of the redistribution of wealth, the democratisation of the economy, and solidarity and subsidiarity.

The Scotland Act 2016 ushered in a new era of devolved powers to deliver social security. These powers have been used to create a new social security agency in Scotland, Social Security Scotland, and its accompanying statutory bodies, and to design the delivery of a tranche of new benefits to support carers, children in families with low incomes and disabled people. While the delivery has been challenging and much slower than intended, nevertheless the programme proves what is possible with limited devolved powers.

The UK social security system fails so many different groups of people in multiple different ways. It is frustrating the Scottish Government has not set out how it will use the new powers it does have to go further. It has set its ambition far short of what is possible. The Scottish Child Payment, Scottish Choices and the Scottish Welfare Fund are all vehicles that could be used to eradicate child poverty, remove the five-week wait for Universal Credit and mitigate the two-child limit with the powers we have already in Scotland.

A much greater devolution of powers to Scotland, short of independence, would be needed to remove the sanctions regime or scrap Universal Credit, after all the power to do the latter almost made it into the Smith Commission in 2014. The existing function of Scottish Choices arguably sets a precedent for beginning the process by requesting the powers to do both.

A Minimum Income Standard is a model that could really deliver an effective safety net, by supporting 2.5 million people in Scotland and eradicating working-age and child poverty. This is an achievable goal, possible with more powers but not requiring independence. The sticking point for its delivery, however, is the price tag of £7 billion.

For most of the social security challenges we want to address, the issue is not securing the powers to act on social security, but the powers to raise the funds to cover the cost of what we want to deliver.

1. [A Menu for Change (2019) Found Wanting](https://amenuforchange.files.wordpress.com/2020/01/found-wanting-a-menu-for-change-final.pdf) [↑](#endnote-ref-1)
2. [Poverty in Scotland - Poverty & Inequality Commission (povertyinequality.scot)](https://povertyinequality.scot/poverty-scotland/) [↑](#endnote-ref-2)
3. Poverty is defined as the number of people living in households with less than 60% of UK median income, after housing costs. [↑](#endnote-ref-3)
4. [Poverty in Scotland 2021 – towards a 2030 without poverty?](https://cpag.org.uk/policy-and-campaigns/briefing/poverty-scotland-2021-towards-2030-without-poverty-summary-briefing) [↑](#endnote-ref-4)
5. [Close the Gap and Engender (2021) Joint briefing on the impact of COVID-19 on women with childcare responsibilities in Scotland.](https://www.engender.org.uk/content/publications/Close-the-Gap%20and-Engender-Joint-Briefing-on-the-impact-of-COVID-19-on-women-with-childcare-responsibilities-in%20Scotland.pdf) [↑](#endnote-ref-5)
6. [Joseph Rowntree Foundation (2020) Poverty in Scotland](C://Users/pollyj/Downloads/poverty_in_scotland_2020_0%20(3).pdf) [↑](#endnote-ref-6)
7. <https://povertyinequality.scot/poverty-scotland/> [↑](#endnote-ref-7)
8. [Joseph Rowntree Foundation (2020) Poverty in Scotland](C://Users/pollyj/Downloads/poverty_in_scotland_2020_0%20(3).pdf) [↑](#endnote-ref-8)
9. [Social security powers in the UK (parliament.uk)](https://researchbriefings.files.parliament.uk/documents/CBP-9048/CBP-9048.pdf) [↑](#endnote-ref-9)
10. [Social security powers in the UK (parliament.uk)](https://researchbriefings.files.parliament.uk/documents/CBP-9048/CBP-9048.pdf) [↑](#endnote-ref-10)
11. [Social Security Scotland - Our Charter](https://www.socialsecurity.gov.scot/about/our-charter) [↑](#endnote-ref-11)
12. [Social security powers in the UK (parliament.uk)](https://researchbriefings.files.parliament.uk/documents/CBP-9048/CBP-9048.pdf) [↑](#endnote-ref-12)
13. [Social Security Scotland annual audit report 2019/20 (audit-scotland.gov.uk)](https://www.audit-scotland.gov.uk/uploads/docs/report/2020/aar_1920_social_security.pdf) [↑](#endnote-ref-13)
14. [Social security: Implementing the devolved powers (audit-scotland.gov.uk)](https://www.audit-scotland.gov.uk/uploads/docs/report/2019/nr_190502_social_security.pdf) [↑](#endnote-ref-14)
15. [Welfare policy in Scotland - Scottish Affairs Committee - House of Commons (parliament.uk)](https://publications.parliament.uk/pa/cm5802/cmselect/cmscotaf/55/5502.htm) [↑](#endnote-ref-15)
16. Ibid. [↑](#endnote-ref-16)
17. [Child-Poverty-Final.pdf (fraserofallander.org)](https://fraserofallander.org/wp-content/uploads/2021/06/Child-Poverty-Final.pdf) [↑](#endnote-ref-17)
18. [PolicyReport\_Final\_ForWeb.pdf (trusselltrust.org)](https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/09/PolicyReport_Final_ForWeb.pdf) [↑](#endnote-ref-18)
19. [Universal-Credit.pdf (resolutionfoundation.org)](https://www.resolutionfoundation.org/app/uploads/2017/10/Universal-Credit.pdf) [↑](#endnote-ref-19)
20. [DWP spent £120 million pounds defending challenges to ESA and PIP decisions in just two years | Disability Rights UK](https://www.disabilityrightsuk.org/news/2020/september/dwp-spent-%C2%A3120-million-pounds-defending-challenges-esa-and-pip-decisions-just) [↑](#endnote-ref-20)
21. [Disability Assistance assessments: policy position paper - gov.scot (www.gov.scot)](https://www.gov.scot/publications/disability-assistance-assessments-policy-position-paper/) [↑](#endnote-ref-21)
22. [Scotland Act 2016 (legislation.gov.uk)](https://www.legislation.gov.uk/ukpga/2016/11/section/28) [↑](#endnote-ref-22)
23. [Sanctions Report for Scottish Green MSPs.pdf (greens.scot)](https://greens.scot/sites/default/files/Policy/Sanctions%20Report%20for%20Scottish%20Green%20MSPs.pdf) [↑](#endnote-ref-23)
24. [The Scotland Act has passed. Now we can do something about sanctions. – Social policy: commentary and updates (spicker.uk)](http://blog.spicker.uk/the-scotland-act-has-passed-now-we-can-do-something-about-sanctions/) [↑](#endnote-ref-24)
25. [Scotland Act 2016 (legislation.gov.uk)](https://www.legislation.gov.uk/ukpga/2016/11/section/29) [↑](#endnote-ref-25)
26. [DWP staff walk out over Universal Credit “disaster” - TFN](https://tfn.scot/news/dwp-staff-walk-out-over-universal-credit-disaster) [↑](#endnote-ref-26)
27. [‘Smith Commission 'dropped welfare proposals'’](https://www.bbc.co.uk/news/uk-scotland-scotland-politics-30245135), BBC News, 28 November 2014 [↑](#endnote-ref-27)
28. [What's happening in Scotland? | Basic Income](https://www.basicincome.scot/whats-happening-in-scotland) [↑](#endnote-ref-28)
29. [Securing a living income in Scotland: Towards a minimum income guarantee | IPPR](https://www.ippr.org/research/publications/securing-a-living-income-in-scotland) [↑](#endnote-ref-29)