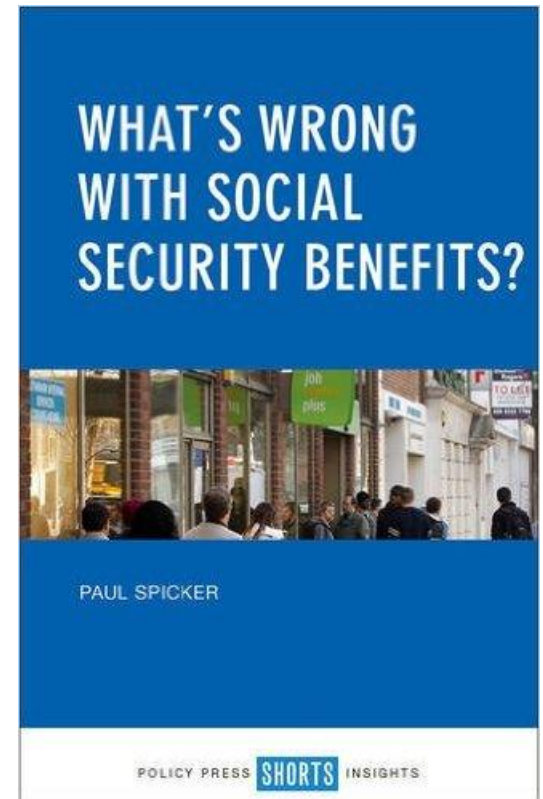


Reforming benefits

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Part 1

Dealing with complexity

Benefits, grouped by design

National Insurance

- State pension
- ESA/JSA

Non-contributory (needs tested)

- Disability Living Allowance/ PIP *
- Attendance Allowance *
- War Pensions

Minimum income support

- Jobseekers Allowance
- ESA
- Pension Credit

Universal benefits

- Child Benefit
- Over 80s pensions
- Winter Fuel Payment*

Tapered Benefits

- Housing Benefit
- Tax Credits
- Universal Credit

Discretionary benefits

- Local welfare assistance *
- Social care individualised budgets*

Why are benefits so complicated?

Complex aims	Complex circumstances	Complex rules
Social protection Need Poverty Economic management Social inclusion Behaviour change Income smoothing Redistribution Solidarity Compensation Equity Public health Desert (e.g. War Pensions) Financing services (e.g. social housing) Marketisation	Old age Disability Unemployment Low income Incapacity for work Responsibility for children or care Low earnings Bereavement Special needs – e.g. funerals, maternity Emergencies and crises <i>insecurity</i> <i>changing incomes</i> <i>changing personal circumstances</i>	<i>Intrinsic complexity</i> Entitlement rules Selectivity Means-testing <i>Additional complexities</i> Administrative divisions Interacting benefits Information management <i>too many moving parts</i>

Common problems in benefit design

The real problems	Mistaken assumptions blighting major benefits in the past <i>SB, IS, HB and Tax Credits</i>
<p>The size of the system <i>Murphy's Law</i></p> <p>The human factor <i>'co-production'</i> <i>changing lives</i></p> <p>Presumptuous administration <i>real time</i> <i>unification of benefits</i> <i>the magic of computers</i></p>	<p>Assumptions about scale</p> <ul style="list-style-type: none">• <i>National Assistance would wither away</i>• <i>HB was residual support</i>• <i>Tax Credits would cost £2bn</i> <p>The assumption that marketisation would promote efficiency</p> <ul style="list-style-type: none">• <i>private care in SB</i>• <i>HB would promote a level playing field</i>• <i>Tax Credits would promote child care</i> <p>The assumption that tightening criteria would lower costs</p> <ul style="list-style-type: none">• <i>Replacing ENPs with single payments</i>• <i>Cutting Tax Credits by family size</i>• <i>HB to be brought down by LHA</i>

The elements of welfare reform

Personalisation

- Means testing
- Personalised assessments
- Responses in 'real time'

Work testing

- ESA/PIP
- Lone parents
- "Work for your benefit"
- Work search

Conditionality

- Freud: 'intensive intervention'
- Sanctions
- Compulsory entry to programmes

Part 2

Universal Credit

Universal Credit: aims and design

The aims	The design
Simplify the system	<i>A complex, portmanteau benefit All elements (JSA, ESA, HB, WTC) maintained Partial coverage No integration with tax, CTB or local benefits</i>
Improve work incentives	<i>Initial 65% taper, now 55%</i>
Smooth transitions in and out of work	<i>‘Whole month’ assessment</i>
Reduce in-work poverty	<i>Cuts Removal of the ‘work allowance’</i>
Cut back on fraud and error	<i>The onus to report is on claimants</i>

Universal Credit: the Strategic Outline Business Case

The Business Case to 2024

Extra costs	- £4 bn
Increased benefits spending	£2.6 bn
Increased employment	
-benefit to government	£4.7 bn
- other benefit	£2.3 bn
Government savings	£7.3 bn
Distributional benefits	£14.5 bn
Cash impact on individuals	-£1.4 bn
Total net saving	£20.9 bn

Universal Credit: the problems

The problems in principle	Problems in practice
Personalisation The taper No floor Adequacy (<i>e.g. 2-child limit</i>) Computerisation Conditionality Lack of redress Multiple moving parts	The lead time Assumptions about online access Reporting changes Multiple computer systems Disempowering JCP Discontinuities Sanctions Debt

The direction of policy

Welfare reform aims for:	It should aim for:
Simplicity	Managed complexity
Personalisation	Stable incomes
Commercialisation	Cost-effective services
Individual responsibility	Social protection
More emphasis on work	Design for an insecure or 'flexible' labour market

Part 3

The Scottish difference

Scotland: powers

Legal powers

The Smith Commission
'No detriment'
The Irish problem
The laid table
The zero-sum game
Powers and benefits

Rule 1: Everything is forbidden

Exceptions: Social Work,
Scottish Welfare Fund,
Council Tax Reduction,
DHPs

Exceptions to the
exceptions: National
Insurance, loans, Social
Fund, conditionality

New benefits	Retained systems
Disability benefits	
Adult Disability Payment Scottish Adult Disability Living Allowance Child Disability Payment Pension Age Disability Benefit Employment Injury Assistance	<i>Severe Disablement Allowance (legacy cases)</i> <i>Community care grants</i> <i>Social care</i>
Carers	Low income benefits
Carer Support Payment Carers Allowance Supplement Young Persons Care Grant Scottish Carers Assistance	Scottish Welfare Fund Social Work benefits Council Tax Reduction Discretionary Housing Payments
Heating	Passporting
Winter Heating Payment Pension Winter Heating Payment Child Winter Heating Assistance	Scottish Child Payment UC premium (via Work Capability Assessment)
Family benefits	
Best Start Foods Best Start Grants Scottish Child Benefit/ Payment	

What else could be done?

Changing administration

fast-track judicial review
PO Boxes for claimants
computer access

Changing procedures

accept medical certificates
short-term employment courses

Changing unfair rules

mobility support for older people
defining 'exceptional' circumstances
to relieve sanctions
shortening the wait for UC -
possibly by grant

Offering services rather than benefits

reduce funeral costs
restore housing subsidies
free school meals

New (and old) approaches

- Citizens Pension
- Severe Disablement Allowance
- No fault compensation for accidents