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CHURCH AND SOCIETY COUNCIL**

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Official Response

SUBJECT: 21st Century Welfare
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SUBMITTED BY: Church and Society Council of the Church of Scotland

Introduction

The Church of Scotland welcomes the opportunity to respond to the consultation on 21st Century Welfare. The Church is present in every community in Scotland with 1,179 congregations, and an official membership of approximately 489,000 which comprises about 10% of the population of Scotland. We are committed to engaging in public debate locally, throughout Scotland, and in the UK on a wide range of public issues. The voice of the Church reflects the experiences and values of the communities in which we live.

We are strongly committed to supporting people who are marginalised, living in deprivation and in need of additional assistance to regain dignity and respect. The Church runs dozens of local projects across Scotland which encourage engagement and inclusion. We are members of the Scottish Campaign on Welfare Reform and support the End Child Poverty campaign. The 2001 General Assembly of the Church of Scotland, agreed, "priority for the poorest and most marginalised is the gospel imperative facing the whole Church" and has invested heavily in 58 priority area parishes identified using the Scottish Government's Indicators of Multiple Deprivation. In 2010, the Assembly agreed a 7 year Priority Areas Action Plan, reaffirming our commitment to participating in the transformation of the poorest communities in Scotland.

In March 2009, in partnership with *Faith in Community Scotland* and a range of other partners, we supported the establishment of *Scotland's Poverty Truth Commission*. This Commission brings together civic leaders with people who have a direct experience of poverty. Fundamental to its way of working is that the problems being faced in tackling poverty will only be effectively addressed when those in poverty are understood as full participants in the development, delivery and evaluation of policy: 'Nothing about Us without Us is For Us.'

We are serious about wanting to reform the way statutory and voluntary bodies work in local communities, and are keen to develop a greater sense of self-worth, confidence and entrepreneurship amongst the long-term unemployed. We are, for instance, currently researching the role and impact of sound financial advice and micro-credit schemes for those living in poverty to help them achieve their ambitions. In January 2011 the Church of Scotland will be hosting a trip to India by 14 women from 6 of our poorest neighbourhoods to investigate the value of *Self Help Groups* (SHGs) in the Scottish context.

We welcome a number of the principles guiding these proposed reforms in particular the intention to simplify the benefits system; proposals for more generous earnings disregards; and a tapered withdrawal of benefits when people move in to work. Many people share with us, through the work of the *Poverty Truth Commission*, the huge problems which exist for individuals and families moving between unemployment and paid work as these relate not only to income, benefits (including housing benefit) but also services (including childcare).

However, we are concerned by some of the underlying attitudes towards recipients of benefits and in particular increased conditionality and emphasis on paid employment irrespective of other aspects of a person's life such as caring responsibilities.

In these difficult economic times it is a courageous decision for the Government to consider such wide ranging reforms of the welfare system and we commend the Government for their intent. It is therefore with concern that we note recent announcements that further cuts to welfare spending are being planned. Implementation of radical changes as proposed in this consultation requires significant initial investment and we are concerned that such investment is unlikely in an atmosphere of cuts and rising unemployment.

We urge the Government to consider the huge impact that the welfare system has on the poorest members of our society and to make resources available to restructure the welfare system to make it simpler, fairer and respectful of the dignity of the people who access it. We further urge the Government to seek to take steps through its planned reforms of the welfare system to seek to reduce the levels of inequality in our country – an inequality which we believe damages all parts of society.

1. What steps should the Government consider to reduce the cost of the welfare system and reduce welfare dependency and poverty?

Before we discuss the cost of the welfare system it is important to remember what the welfare system is intended to achieve. Our nation comprises of people who care for one another. The welfare system is the means by which we, as a nation, pool our resources to support the most vulnerable members of our society and ensure that everyone has access to adequate resources to live a dignified and healthy life.

We challenge the assertion that the goal of welfare reform should be to reduce the cost of the welfare system and to reduce dependency. In responding to the previous Government's Green Paper *No one Written Off* in 2008 we said:

“Dependency is not a sin for which sanctions are necessary in order to spur people into laying it aside. Dependency is a fact of life, for us all; we depend on each other, rich and poor, disabled or able-bodied. Perpetuating the myth that only those in receipt of benefits are dependent – and using that as a basis for policy – is divisive and undermines the social cohesion which the Government seeks to foster.”

Poverty is not a consequence of dependency. Nor is it realistic to think that reforming the welfare system will alleviate poverty, not least because there is not enough good quality, sustainable employment available.

The principles for reform as laid out in Chapter 3 of the consultation paper emphasise the value of paid employment without real acknowledgement that there are other aspects of life that matter both

to the individuals concerned and to society as a whole. It is in all of our interests for parents to be able to bring up happy and healthy children; it is in all of our interests that those who are frail through age or illness are provided with loving care and that where possible their families are involved in that care. If families are not able to provide this care because they are in paid employment then that care will still be required. These same arguments apply to volunteering, which can be crucial in building and maintaining strong communities. We do not agree that promoting positive behaviour and strengthening the family is limited to undertaking paid employment.

We are pleased to note that the Government “would not propose to force people who are not able to work, or prepare for work, to do so. Support for people in the most vulnerable circumstances would remain unconditional.” (Chapter 1, paragraph 11)

The UK currently has rising unemployment and in the context of huge cuts in public expenditure this is likely to continue for the foreseeable future. The consultation paper suggests that work and personal responsibility should be at the heart of the benefits system. However, there is no equivalent responsibility to ensure that the requirements of the system are fair and that work is available. It is not morally acceptable to require people to do the impossible and then stigmatise and penalize them when they are unable to meet those requirements.

2. Which aspects of the current benefits and Tax Credits system in particular lead to the widely held view that work does not pay for benefit recipients?

This consultation response focuses on the principles underpinning the proposal in consultation. The Church of Scotland is a member of the Scottish Campaign on Welfare Reform and we support the detailed analysis in their submission to this Green Paper consultation.

We continue to be concerned at what we consider to be inaccurate reporting of the life circumstances of many people living in poverty by the media. Whilst we would acknowledge that there are individuals who treat the benefits system inappropriately, there are many times that number who do not claim the level of benefits and support to which they are legally entitled. Such imbalanced reporting is often exacerbated by Government rhetoric.

3. To what extent is the complexity of the system deterring some people from moving into work?

It is important for people receiving benefits to be able to accurately predict their income and to be able to move in and out of work easily. We agree that simplifying the benefits system would be advantageous as it would enable people to plan more effectively and to understand the advantages and disadvantages of any particular job opportunity. However, the Government should also focus energy and efforts to tackle the issue of low paid employment in the UK, so that the move into work for people really raises the standard of living for them and their families. It is shocking that levels of in work poverty are so high, with a recent briefing paper from the Institute of Public Policy Research finding that in 2008/09 there were 1.7 million poor children living in working households, compared to 1.1 million in workless households.

4. To what extent is structural reform needed to deliver customer service improvements, drive down administration costs and cut the levels of error, overpayments and fraud?

We support the intention of radically simplifying the benefits system and agree that this would reduce both the administrative costs of the system and the error rate. However, we are concerned

at the consultation routinely conflates fraud and error when the figures show that error costs more than three times as much as fraud. Producing combined figures for “fraud and error” perpetrates the view that recipients of benefits are less moral, and less worthy than the rest of society. We urge the Government to engage in a more positive debate around the structure of welfare system which emphasizes the problems caused by error and takes the decisive action required to improve the system.

5. Has the Government identified the right set of principles to use to guide reform?

Positive aspects to the principles identified:

- We welcome the commitment to simplify the benefits system to make it easier to understand and use for both recipients of benefits and staff administering the system.
- We welcome the suggestion that tapering withdrawal of benefits and a higher earnings disregard could be used to ensure that where people work they receive a fair reward for that work. However, it is important that the rate at which the taper is set does not constitute a reduction in benefits entitlement.

Negative aspects to the principles identified:

- If the purpose is to support the most vulnerable members of our nation, then we must also ask whether forcing people into low paid jobs which perpetuate poverty is fulfilling that purpose. At present in work poverty is an increasing concern and a welfare system which does not enable people to select employment that is suitable to their circumstances is part of the problem rather than part of the solution. We believe that any programme of welfare reform needs to go hand in hand with the need to establish a Living Wage. The Church of Scotland is a member of the *Scottish Living Wage Campaign*.
- We question the assertion that conditionality works. Evidence on this is mixed at best, and it has been difficult to separate the impact of conditionality from additional support for those moving from welfare to work. The reiteration of this statement and the proposal to increase the use of conditionality for people in work alongside the proposed tapered withdrawal of benefits further erodes the dignity of the benefit recipient and is based on the again unproven premise that people on benefits do not want to work. In our experience, the great majority of people who are not in paid employment do want to work if they are able. In an economic climate of rising unemployment conditionality will not cause people to move into work, it will simply leave them demoralized or without the means to meet their basic needs.
- The consultation paper contains an underlying assumption that benefit recipients and taxpayers are separate and unrelated groups, this is not the case. Creating a language of “us” and “them” damages the cohesion of our communities and marginalizes those claiming benefits because of genuine need.
- The consultation does not address the question of whether current benefit levels are adequate. This is, in our opinion, a significant omission.

6. Would an approach along the lines of the models set out in chapter 3 improve work incentives and hence help the Government to reduce costs and tackle welfare dependency and poverty? Which elements would be most successful? What other approaches should the Government consider?

This response will not provide detailed comments on the alternative models presented in the consultation. The Church of Scotland is a member of the Scottish Campaign on Welfare Reform and we support their consultation response which includes more detailed analysis.

We are disappointed to see that the TaxPayers' Alliance, an organisation which describes itself "as independent grassroots campaign for lower taxes"¹ is accorded the same status in the consultation paper as established research institutes and think tanks. Inclusion of proposals from an organization which is committed to a particular policy outcome diminishes what is otherwise a valuable debate about the future of our welfare system.

Through our involvement with the *Poverty Truth Commission* we have been particularly aware of the situation facing Kinship Carers. These are often (retired) grandparents who are assuming parental responsibilities for their children's children. The current support for this group of people – and the conflicts of interest which exist between UK, Scottish and Local Government – is inadequate and we would urge the Government to give particular regard to this group in their deliberations.

We urge the Government to consider the gender implications of proposals to simplify the system by paying all benefits to one household member as identified in proposals for a Universal Credit (Chapter 3, paragraph 6). Relationships may be more fluid than this mechanism allows for and in the event of a period of separation there is a risk that benefits will not reach the family members who need the money, potentially leaving them and their children without means of support. Where there is heightened vulnerability, for example in cases of domestic abuse, this provision could add to the difficulties experienced by someone attempting to leave a relationship. The proposals are unclear as to whether a family member claiming on behalf of the whole household would need permission from other adult family members in order to do so.

- 7. Do you think we should increase the obligations on benefit claimants who can work to take the steps necessary to seek and enter work**
- 8. Do you think that we should have a system of conditionality which aims to maximise the amount of work a person does, consistent with their personal circumstances?**

The proposals relating to conditionality are not new. When responding to the previous Government's Green Paper *No one Written Off* in 2008 we stated:

"We are also sympathetic to the view that relationships between citizens and the state should embody a mixture of rights and responsibilities. Just as we are all dependent on one another, we all have responsibilities to each other. However, we are not persuaded that the increased conditionality of benefits or enforced work for benefit is an effective way of expressing this relationship, or of encouraging a sense of responsibility."

The Social Security Advisory Committee responded to the elements of conditionality in the 2008 the Green Paper saying:

"The focus on sanctions is, we believe, unhelpful and does not take proper account of the full findings of the Department's own research or our own work. We are disappointed that more evidence has not been presented to prove that sanctions and compulsion are effective in generating long term sustainable employment."²

¹ <http://www.taxpayersalliance.com/home/mission.html> accessed 28 September 2010

² "No one Written Off: Reforming Welfare to Reward Responsibility - The Response of the Social Security Advisory Committee" (www.ssac.org.uk/pdf/finalresponse.pdf)

21st Century Welfare simply re-states the position that conditionality works saying “Evidence shows conditionality is effective in reducing unemployment” (Chapter 4, paragraph 2). No evidence is presented to support this statement and we remain unconvinced that conditionality should have a central place in our welfare system.

We are especially opposed to the idea of extending conditionality to people in work as very often people work part time in order to meet caring commitments which are an important part of family life and crucial to building strong communities.

9. If you agree that there should be greater localism what local flexibility would be required to deliver this?

The Church of Scotland supports the principle of subsidiary in deciding where decisions should rest. We support the view that benefit levels should be set nationally. However, we would welcome more flexibility for local planning and delivery of services to support people into work.

10. The Government is committed to delivering more affordable homes. How could reform best be implemented to ensure providers can continue to deliver the new homes we need and maintain the existing affordable homes?

Investment in affordable housing is a devolved matter in Scotland and as such we are not responding to this question. If the welfare system is to be used in some way to support this investment we would expect full and separate consultation on these proposals, making the constitutional implications clear and involving the Scottish Government as an equal partner.

11. What would be the best way to organise delivery of a reformed system to achieve improvements in outcomes, customer service and efficiency?

We welcome the suggestion that it should be administratively simpler for people to claim benefits and to enable quicker transfer of information about changed income levels. However, we are concerned that a strong emphasis on electronic access to the benefits system disadvantages people without an internet connection at home and therefore urge the Government to ensure that there is free alternative way to access the application process.

If the Government’s proposals for a fairer and simpler welfare system are to be realised, we believe that it essential that people experiencing poverty (both in paid work and not in paid work) must be involved in the development, delivery and evaluation of any changes. Our experience suggests that until this approach is taken many of the well intentioned attempts to improve the system will not achieve their intended goals.

12. Is there anything else you would like to tell us about the proposals in this document?

The Church of Scotland is part of the Scottish Campaign on Welfare Reform; together with other members we want to see a welfare system which will:

- Increase benefit rates to a level where no one is left in poverty and all have sufficient income to lead a dignified life
- Make respect for human rights and dignity the cornerstone of a new approach to welfare
- Radically simplify the welfare system
- Invest in the support needed to enable everyone to participate fully in society
- Make welfare benefits in Scotland suitable for Scotland