

Poverty Alliance submission

Social Security Committee inquiry on the role of Scottish social security in Covid-19 recovery

October 2020

About the Poverty Alliance

The Poverty Alliance is Scotland's anti-poverty network. Together, we influence policy and practice, provide evidence through research, support communities to challenge poverty and build public support for the solutions to tackle poverty.

Our members include grassroots community groups, activists who are experiencing poverty, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

Background

Since March, life has changed immeasurably for people in communities across the country, but it has particularly impacted people living on low incomes. People already living in poverty have seen its grip tighten, while many more people continue to be swept into poverty. What began as a health crisis is creating a poverty and inequality crisis, with potentially significant longer-term implications for the human rights of people living in Scotland. The right to an adequate standard of living, as enshrined in Article 11 of the International Covenant on Economic, Social and Cultural Rights, is at particular risk.

In this context, social security – at the UK and Scottish levels - is more critical than ever. We therefore welcome the opportunity to contribute this submission to the Social Security Committee's inquiry into the role of social security in Covid-19 recovery. This submission has been informed by ongoing engagement with organisations from across the Poverty Alliance network, as well as by engagement and discussions with people experiencing or with experience of poverty.

Inquiry responses

Q1: What will the economic downturn look like for different people in Scotland and how should Scottish social security support them through it? In the context of UK social security and of other ways of providing support, what is the role of Scottish social security in an economic recession?

The economic downturn caused as a result of the measures introduced to curb the pandemic has pulled people across Scotland and the rest of the UK into financial insecurity, poverty and hardship. This impact can be seen in the numbers of people now claiming Universal Credit, with an almost doubling in the number of people receiving Universal Credit in Scotland since January,¹ as well as in the steep rise in demand for emergency food provision² and for the Scottish Welfare Fund.³

¹ Scottish Government, *Universal Credit Scotland Bulletin – September 2020*, <https://www.gov.scot/publications/universal-credit-scotland-dashboard-september-2020/>

² Independent Food Aid Network, *IFAN's latest figures collated from Scotland's independent food banks*, September 2020, <https://www.foodaidnetwork.org.uk/ifan-data-since-covid-19>

³ Scottish Government, *Management information on Scottish Welfare Fund and Official Statistics on Discretionary Housing Payments to August 2020*, September 2020, <https://www.gov.scot/publications/swf-monthly-management-information/>

Poverty Alliance member organisations, particularly community organisations, have reported rising levels of income crisis among the people they work with, with unprecedented demand for support.⁴ This demand, and the levels of income crisis, show no signs of abating.

Low-paid women have been particularly impacted by the pandemic and the economic downturn, with labour market disruption disproportionately affect the sectors in which women are over-represented.⁵ According to the Institute for Fiscal Studies, mothers who were working in February are now nine percentage points less likely to still be in paid work than fathers.⁶ This, coupled with women's disproportionate risk of being placed on furlough, reduced hours and redundancy, placed women at greater risk of poverty. With women's poverty being inextricably linked to child poverty, this is having – and will continue to have – a significant knock-on impact on levels of child poverty in Scotland.

Other groups that have been disproportionately impacted by the economic down include disabled people and people with long-term conditions; black and minority ethnic (BAME) groups; people with No Recourse to Public Funds, and unpaid carers. Largely, the households that have been most negatively impacted coincide or align with the households that are already identified as priority families by the Scottish Government's Tackling Child Poverty Delivery Plan.⁷

In this context, and given that the rising tide of poverty we are seeing is likely to rise yet further in the months ahead as the economic downturn likely worsens, the primary role of the Scottish social security system should be to protect people from poverty and to protect their right to an adequate standard of living. While the implementation of certain social security policies at the UK level – such as the five week wait for Universal Credit, the benefit cap, and the two child limit – make this more challenging, it also makes it more essential that Scottish social security powers are used to their fullest extent.

At a time of economic recession, increased spend on social security payments can also act as a form of fiscal stimulus. Private consumption will inevitably be important as the economic recovery takes shape, but efforts to boost that consumption should be focused on ways that reinforce the rebuilding of local economies and the provision of adequate incomes.

In this context, measures to provide additional income through the devolved social security system to people living on low incomes can be seen as a measure that will help meet basic needs in addition to supporting wellbeing. It can help to sustain local economies as people are more likely to spend this additional income on goods and services locally, sparking the multiplier effect rather than waiting for wealth to trickle down. Indeed, taking this approach would meaningfully realise the principle embedded in the Social Security (Scotland) Act, that social security is “*an investment in the people of Scotland.*”⁸

Q2: Can, and should, Social Security Scotland do more than meet the expected increased demand for benefits and deliver on existing policy commitments? What

⁴ Poverty Alliance, Community organisations, community activists & Covid-19, June 2020, <https://www.povertyalliance.org/wp-content/uploads/2020/06/Community-organisations-COVID19-Poverty-Alliance-briefing-2nd-June.pdf>

⁵ Close the Gap, Disproportionate disruption: The impact of Covid-19 on women's labour market equality, May 2020, <https://www.closesthegap.org.uk/content/resources/Disproportionate-Disruption---The-impact-of-COVID-19-on-womens-labour-market-equality.pdf>

⁶ Institute for Fiscal Studies (2020) *How are Mothers and fathers balancing work and family life under lockdown?*

⁷ Scottish Government, Every Child Every Chance – Tackling Child Poverty Delivery Plan 2018 – 2022, March 2018, <https://www.gov.scot/publications/child-chance-tackling-child-poverty-delivery-plan-2018-22/>

⁸ Social Security (Scotland) Act 2008, s 1

should its ambitions be? Within the social security and borrowing powers available to Scottish Ministers what could be achieved and delivered?

While Social Security Scotland may face additional operational pressures and challenges in light of the economic downturn and resultant increase in demand, the agency and the Scottish Government can and must do more than just deliver on existing policy commitments. The economic storm that has been created by the pandemic – and the manner in which it is people on low incomes who have been caught in this storm – means that using Scotland’s social security powers to their fullest extent, and in the most ambitious and radical ways, is now more important and pressing than ever.

The ambitions of Social Security Scotland and the Scottish Government should therefore be to use this moment to more fully realise the principles that are embedded in the Social Security (Scotland) Act, and in particular the principle that the Scottish social security system should contribute to reducing poverty in Scotland. Particularly given that the interim child poverty targets set by the Child Poverty (Scotland) Act are to be met in 2023 – with the statutory targets to be met in 2030 – the scale of ambition shown by the Scottish Government in relation to its use of social security powers to tackle poverty must increase yet further. With these targets having been set and having received unanimous cross-party support in full understanding of the social security and borrowing powers available to Scottish Ministers, it is essential that they are met.

More broadly, the issue of adequacy is one that will require much greater focus going forward. It is clear that the level of support provided by the UK social security has not and does not enable people to access an adequate standard of living, and there is a need for the Scottish Government to set out its approach for measuring and ensuring adequacy of social security support in the years ahead. This should include, we believe, a long-term commitment to delivering a Minimum Income Guarantee, which would ensure that no-one in Scotland is left without the income they need to secure an adequate standard of living.

It is also important to make clear that there is more that can be done to maximise the use of the taxation powers that the Scottish Government has, in order to support a more ambitious and radical approach to social security, and in particular to ensuring the adequacy of Scottish social security. The Scottish Government could and should, for example, explore all mechanisms for taxing wealth, economic rents and use of the commons to help support additional investment in social security. It could also explore the viability of a windfall tax, which would ensure that significant financial gains made by firms based in Scotland as a result of the Covid-19 crisis are at least partly used to support the collective good.

Q3: If we look to do more, or differently, what are the relatively easier changes that could be made to Scottish benefits that would not require significant additional capacity in Social Security Scotland? AND

Q4: What changes could be made that would not require significant input from the Department for Work and Pensions (UK)?

It is important to state that the need for additional capacity in Social Security Scotland or for input from the DWP should not act as barriers to making the changes necessary to better meet the needs of people requiring support. If additional capacity is required in order to more meaningfully realise the principles of the Social Security (Scotland) Act and to better protect people in Scotland from poverty, then this should be considered a priority by the Scottish

Government. Similarly, while engagement with the DWP may present challenges, this should not preclude the Scottish Government or Social Security Scotland from seeking input from or partnership with the DWP in order to make necessary changes.

There are, though, a significant number of changes that could be made to the Scottish social security system that would not require significant additional capacity in Social Security Scotland or significant input from the DWP. These include:

Scottish Child Payment & other financial support for families on low incomes

The Scottish Government's decision to continue to prioritise the delivery of the Scottish Child Payment is a welcome one. When fully rolled-out the payment will lift significant numbers of children out of poverty and will have a vital role in helping Scotland meet its child poverty reduction targets.

The passing of the Social Security Administration and Tribunal Membership (Scotland) Bill, which will ensure that the Scottish Child Payment is annually uprated, was a welcome development. However, it is clear that – given that the value of the payment was announced in June 2019 and given the deepening of levels of poverty since then, not least because of the pandemic – there will be a need to significantly increase the level of support provided. Given this, there will be a need to at least double the value of the payment. There is also a need to keep the delivery mechanism under review to ensure that the payment is reaching all of those families in need.

While the Scottish Child Payment will begin roll-out to under 6s from early next year, we are concerned that the payment will not be fully rolled-out for over 6s until the end of 2022. Given the acute financial pressures being faced by families on low incomes, we strongly encourage the Scottish Government to explore all possible options for either bringing forward delivery for children over 6 or for delivering an equivalent level of financial support via other mechanisms, for example via local authority payments such as the School Clothing Grant.

Other existing forms of financial support being delivered by Social Security Scotland provide additional ways of increasing support for families on low incomes. For example, the Scottish Government could, at a minimum, double the level of support provided by Best Start Foods, as well as increase the value of the Best Start Grant in recognition of the acute financial pressures being faced by households with children.

Investment in rights and advice services

In the context of rising levels of mass labour market disruption and rising levels of unemployment, and of even greater numbers of people becoming eligible for benefits as a result, it is critical that services – such as welfare rights, income maximisation and independent advocacy - are in place to help them understand and access all of their entitlements.

Yet many of these services are under significant financial strain at a time of rising demand, and recent examples, for example in Glasgow, of cuts to financial support for advice services are of serious concern. It is vital that these services – which help people to access their rights - are seen as critical to the fulfilment of the Scottish social security principles and that they receive the kind of longer-term financial investment and support that they require in order to meet the needs.

Disability assistance

As members of the Scottish Campaign on Rights to Social Security (SCORSS) we fully support the key calls in SCORSS' recent report *Beyond a Safe and Secure Transition: A Long Term Vision for Disability Assistance in Scotland*.⁹ This includes undertaking, in the next Scottish Parliament, a fundamental review of disability assistance that will enable the development of a new rights-based system of social security for disabled people that:

- Has a clear purpose
- Is human rights based
- Supports equal participation in society and independent living
- Is adequate
- Provides whole-of-life support
- Interacts well with future social security developments and is well connected to other services.

While all of the principles are of equal importance, we would foreground the principle of adequacy. For many disabled people, the social security support they currently receive does not cover the additional costs of their disability, does not enable them to access their right to equal participation in society, and too often locks them into poverty. This must be addressed if the Scottish social security principles are to be made real.

Unpaid carers

The pandemic has created an acute exacerbation of the financial pressures experienced by unpaid carers, the vast majority of whom are women. Already more likely to experience poverty, they have been placed under even greater strain since March.

While not all unpaid carers are eligible for the Carer's Allowance Supplement, the Scottish Government's decision in June to introduce an additional payment to those in receipt of the benefit was a positive step. But given that unpaid carers' risk of experiencing poverty and hardship will not decrease – and is likely to increase – over winter, the Scottish Government should look to replicate the additional Carer's Allowance Supplement when the next payments are made in December.

Longer-term, the Scottish Carers Assistance offers the opportunity to better value the work of unpaid carers and to ensure that they are able to access an adequate income. The Scottish Government should therefore bring forward its proposals for Scottish Carers Assistance as soon as possible, to allow this process to begin.

People with No Recourse to Public Funds

Poverty Alliance member organisations have, since the beginning of the pandemic, been supporting people with NRPF through the worst of the economic and social impact. Already significantly more likely to experience poverty and destitution, many – for example those who

⁹ Scottish Campaign on Rights to Social Security, *Beyond a Safe and Secure Transition – A Long Term Vision for Disability Assistance in Scotland*, September 2020, <https://cpag.org.uk/sites/default/files/files/policypost/SCoRSS%20report%20Beyond%20a%20Safe%20and%20Secure%20Transition.pdf>

are eligible to work but who lost their jobs or saw their hours cut - have been pulled into even greater hardship.

Recent policy commitments to support people with NRPF - such as ensuring that the Best Start Pregnancy and Baby Payment is available to asylum seekers who are under-18, as well as making the Self Isolation Support Grant available to people with NRPF – have therefore been extremely welcome. This approach, of exploring every possible legal option for making social security and other forms of support available to people with NRPF, must be continued and intensified in the months ahead.

Involvement of people with experience of poverty

The development of Social Security Scotland has been marked by a push toward the involvement of people with experience of the social security in its development, most notably via the development of the Social Security Charter and through the establishment and work of Social Security Experience Panels.

This has been hugely welcome. But in the context of the additional logistical and financial pressures that Social Security Scotland may experience as a result of the pandemic, there is a risk that this participatory approach may be marginalised or receive less focus due to the challenges that it can present. However, this would be the wrong move and, rather, it is more important than ever that people with experience of social security have their voices heard and acted on in the policy development and decision-making process. Resources for this work should therefore be protected.

Q5: What are the constraints and barriers to doing more in Scotland?

A key constraint to doing more in Scotland is clearly the ongoing direction of social security policy at the UK level. For as long as policies such as the five week wait for Universal Credit, benefit cap, and to two child limit are in place, we know the negative impact that this will have on levels of poverty and hardship. However, as has been shown by the commitment to and upcoming delivery of the Scottish Child Payment, there are steps that can be taken that can still make a significant impact on reducing levels of poverty in Scotland.

While there is a need to maintain pressure on the UK Government to make the changes needed at the UK level, the powers that the Scottish Government has to top-up reserved benefits or create new benefits are substantial, and should not be overlooked when additional action is required.

An additional barrier may be the perception of limited resources to enable a greater shift in investment into social security in Scotland given, for example, limited borrowing powers. While it may be true that the Scottish Government does not have substantial borrowing powers, it is also true that – as detailed elsewhere in this submission – it does possess significant taxation powers that could help to create additional resources that could drive investment in social security spend.

Q6: Should the main focus be on discretionary funds or on entitlements? In terms of recovery from Covid-19, is it more effective to provide support through discretionary funds allocated to local authorities or through demand led benefits delivered through Social Security Scotland?

Social security entitlements provide the most secure forms of support and it is entitlements that will help – within the context of social security support – to better prevent and reduce

poverty. There will remain, though, an important need for discretionary funds like the Scottish Welfare Fund, which provide a critical, cash-based lifeline for people experiencing income crisis. There is therefore a need to also strengthen discretionary funds, and in particular to further strengthen the Scottish Welfare Fund.

The investment in the Scottish Welfare Fund by the Scottish Government in response to the pandemic was much needed and welcome, particularly after a multi-year freeze in its budget. However, issues that were apparent and well-evidenced prior to the pandemic – such as the inconsistencies in approaches taken by local authorities - have been exposed yet further in the last few months.¹⁰ Varying approaches to the promotion and administration of the fund in different areas, as well as differences in access to Community Care Grants in particular, mean that the level of support provided to people – and their access to that support – appears to differ significantly depending on the area in which they live. This must be addressed by the Scottish Government in partnership with local authorities, with every possible option being explored – whether through the further strengthening of guidance or through more national governance – to address the ongoing issues.

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¹⁰ Menu for Change, The Scottish Welfare Fund: Strengthening the Safety Net: A Study of Best Practice, June 2019, <https://amenuforchange.files.wordpress.com/2020/01/a-menu-for-change-swf-report-updated.pdf>