



Rebuilding a just social security system

Work, Pensions and Equality Policy Commission



Thank you for taking part in the Labour Party's 2019 National Policy Forum Consultation, the Party's process for getting input from our members, supporters and stakeholders on how we shape our policies.

This booklet is one of eight policy documents published by the Labour Party as part of our consultation this year.

Each document contains sets of questions for you to answer. You do not need to answer every question, nor is there any specific way to answer them. We suggest picking the questions most important to you and using them as a guide to write a few lines or paragraphs on what you think about the issues in this area.

At the end of the document you can find a guide on how to send in your ideas to us and other ways to get involved in the consultation.

There are seven other documents that might interest you covering different areas of the Party's policies, you can find them in the consultation pack or online. If you have an idea or issue you would like to talk about that is not covered in this year's consultation, you can submit these to us too via www.policyforum.labour.org.uk

Whether you're a Labour Party member or not, we want to hear your ideas on how the next Labour government should tackle the challenges our country faces, and build a more equal Britain for the many, not the few.

Want to know more about how Labour makes policy?

You can learn more about how Labour makes policy, further details about the 2019 Consultation and find policy events in your area on our website www.policyforum.labour.org.uk

ACCESSIBLE MATERIALS

The Labour Party is an inclusive member-based organisation that prides itself on being accessible to all who share its values. If you would like an accessible version of these documents please email us at policydevelopment@labour.org.uk to discuss how we can best accommodate your requirements.

Rebuilding a just social security system

The UK social security system has long been a source of pride. However, from record levels of food bank use to over four million children living in poverty in the UK today, the evidence has never been stronger that our social security system, once set up to support people, has lost its way.

Labour believes this must change and that we need to rebuild our social security system so that it puts compassion, justice, equality, independence and respect at its core and becomes once again a source of pride in all communities.

During last year's policy cycle, the Commission visited Gateshead to hear specifically about the impact of Universal Credit in an area where it has been substantially rolled out. The evidence was overwhelming and stark: families pushed into poverty and hardship, disabled people and single parents particularly seriously affected, the detrimental impact on the mental health of claimants, the negative and undermining effects of the online processes, the sharp increase in demand for food banks, the serious risk of growing rent arrears and fuel poverty.

Flawed work capability assessments are creating an environment that is causing hardship for disabled people. Those who are unemployed are subject to counter-productive conditionality, with many pushed into poverty by punitive sanctions. Meanwhile, insecure work has become the norm for far too many people as a result of the proliferation of casualised labour, zero – and short-hours contracts and abuses of self-employment status.

We should all have the right to social security when we need it in our lives. Yet, while our health and education systems are held in high esteem, social security is too often stigmatised and treated as a burden on taxpayers – instead of a social good that any of us may need to rely on.

The people who work in the social security system should be valued as skilled public servants, and their desire to help people held in high regard. Instead, they are being forced to police and punish vulnerable people, denying them the support they need.

We need to rebuild our social security system up from the principles on which it was founded – supporting people rather than punishing them, alleviating poverty rather than driving people into it.

We need to do this in a context in which the world of work is changing rapidly. Artificial intelligence, the “gig economy” and automation are already bringing profound change, and with that both challenges and opportunities; new jobs and new ways of working must respect a living wage and not become new forms of exploitation. We will need a

social security system that can meet our needs in a swiftly changing world.

Universal Credit isn't working and cannot continue in its current form. Labour will stop the roll out, and deliver a genuinely comprehensive system that supports people when they need it. In-work conditionality, built into Universal Credit, risks deepening the crisis of in-work poverty.

As agreed at the 2018 Labour Party Annual Conference, we are now inviting people across the country to join us in developing proposals for a just social security system.

We need a system that treats people with dignity and respect; that is there for everyone when they need it; that respects childcare and caring; that will give dignity and comfort to those who can't work and support to those who can to get the skills and work they need.

This consultation considers vital questions about what a new, compassionate social security system, capable of taking on the challenges of the 21st century, might look like.

Five reasons for change

1. Barriers instead of support

Barriers to accessing support are put in people's way, for example through an insistence that people make online claims for Universal Credit. The punitive sanctions regime is depriving many people of the support they need, sometimes for minor infringements of the system, and Work Coaches are being asked to police the very people they are supposed to provide employment support to. All too often, rather than getting the support they need from the social security system, people are being forced to turn to food banks in increasing numbers.

2. Cutting support for disabled people

Disabled people have been hit particularly hard by the government's cuts to social security, and have been the target of cruel work capability assessments. The UN Committee on the Rights of Persons with Disabilities has been scathing about the impact of social security cuts and sanctions on the rights of disabled people to an adequate standard of living and social protection.

3. Universal Credit is flawed and failing

Universal Credit, the Government's flagship social security reform, has been characterised by failure since its inception, both in its design and its implementation. The five-week wait, the insistence on using digital platforms, the failure to take account of fluctuating incomes and the demands on the self-employed are just some of the design failures.

There has been a series of damning independent reports that deal with the impact that Universal Credit is having by the National Audit Office, the House of Commons Public Accounts Committee and the UN Special Rapporteur on Extreme Poverty and Human Rights.

4. Not fit for work in the 21st Century

Automation and artificial intelligence are changing the world of work, making regular up-skilling and retraining more important than ever. According to the Office for National Statistics, the number of self-employed people increased from 3.3 million in 2001 to 4.8 million in 2017 and there are now over three million workers who are under-employed. Employment support is tied to the sanctions regime and currently focuses on 'work search requirements' rather than training and support that can get people into secure work that pays.

5. Social security: inadequately funded

In order for a social security system to function, it must be adequately funded. Theresa May's claim that austerity is coming to an end ignores the fact that billions of pounds are still being shaved off the social security budget and that by 2021, £37 billion less will be spent on working-age social security each year compared with 2010. Child poverty is currently over 4 million and the Institute for Fiscal Studies predicts that it will increase to 5.2 million by 2021-22.

Background

The post-war Labour Government set up the welfare state in the 1940s, establishing a universal and comprehensive system of social security. Subsequent Labour governments introduced further reforms, such as the introduction of child benefit in the 1970s.

The Thatcher Government began an era of increasingly severe conditions for unemployed people, increasing the maximum disqualification period from six to 26 weeks. Meanwhile, the sharp growth of numbers on Invalidity Benefit under the Conservatives masked the true extent of rising unemployment throughout the 1980s.

The Jobseeker's Allowance Act in 1995, for the first time, introduced fixed-length sanctions and a requirement to sign a Jobseeker's Agreement. To qualify for a new, higher rate of Incapacity Benefit, sick and disabled claimants were subject to screening by medical staff commissioned by the Department for Work and Pensions (DWP). The introduction of Employment and Support Allowance in 2007 first exposed sick and disabled people to sanctions and the Work Capability Assessment.

The Coalition's Welfare Reform Act in 2012 marked a steep escalation in the hostile environment for social security claimants. As well as introducing the Bedroom Tax and the benefit cap, the legislation caused a sharp rise in sanction rates: one in four Jobseeker's Allowance claimants received at least one sanction between 2010 and 2015.

Universal Credit, the Conservatives' flagship social security reform, extended the sanctions regime to new groups such as lone parents with very young children.

Meanwhile, recent social security cuts targeted at disabled people, families with children and those in work are expected to be major drivers of poverty in the near future. The current working-age benefit freeze is costing 10.5 million families £450 per year, according to the Institute for Fiscal Studies.

These issues have also been highlighted in a damning report by Professor Philip Alston, United Nations (UN) Special Rapporteur on extreme poverty and human rights. His report said the fact 14 million people are living in poverty is a "political choice". It also found a "striking and almost complete disconnect" between what Government Ministers say and the impact of austerity on the ground.

Questions

1. Funding

In order for social security to function, it must be adequately funded. Annual spending on the social security system will have reduced by £37 billion in the 11 years to 2021. This group of questions seeks answers about the principles on which we should base the funding of our social security system.

1a. To what extent should social security be:

- i. means-tested
- ii. contributions-based
- iii. reflect people's particular needs
- iv. universal, i.e. for everyone

1b. Should social security assistance have regard to a minimum income standard and how could we measure what a household needs?

1c. How can we ensure the social security we need is adequately funded?

1d. How can we ensure the social security system reinforces a living wage and is not effectively used by employers to subsidise low pay?

1e. From what sources should social security be funded?

2. Sanctions and conditionality

The Government's punitive sanctions system that underscores the conditionality regime has created real hardship for many people on low incomes. Labour is clear that this has to end. But questions remain about what, if any, conditions should apply to people in receipt of social security benefits.

According to the Welfare Conditionality project (2013-18) carried out by six UK universities, 'welfare conditionality within the social security system is largely ineffective and in some cases pushes people into poverty and crime'.

2a. The current system sanctions people if they don't complete an online journal saying how they are looking for work for 35 hours a week or for missing an interview or for failing to apply for a particular job. Is this right?

2b. Do you think that setting work-related or training conditions helps people get a job?

2c. Does the answer to the above differ depending on the type of benefit (e.g. sickness or disability) or the type of claimant (e.g. single parents)?

3. Disabled people

The assessments that determine disabled people's entitlements are deeply flawed. The frequency of overturned decisions is evidence that both work capability and PIP assessments should be scrapped and replaced.

3a. How could support for disabled people's independence be improved?

3b. How should people's entitlement to sickness and disability social security payments be assessed?

3c. How frequently should entitlement for disability benefits be assessed?

3d. How can we build recognition and respect for in-work disability benefits?

4. Design and administration of social security

Universal Credit, the Government's flagship social security policy, is a flawed and failing policy. That is why we have said that we will stop the roll out and carry out a root and branch review of the entire social security system. This group of questions seeks views on how social security should be administered.

4a. Is wrapping up benefits into a single payment as happens with Universal Credit a good idea in principle? Should some elements be paid separately?

4b. How often should benefit payments be made?

4c. Should payments be made to households or individuals? How can we ensure women's incomes and financial independence are not put at risk, as they are under Universal Credit? How can we ensure people escaping domestic violence are protected?

4d. Should people be able to have the choice of having the housing element of their benefit paid directly to the landlord?

4e. How should people be able to make and manage claims? Online? Face to face? If face to face, where should this happen?

4f. How should the social security system tackle in-work poverty?

4g. How has the localisation of certain social security payments affected the ability of the system to provide a safety net?

5. Children and families

5a. How can we address child poverty through the social security system?

5b. How can the social security system ensure that it meets the needs of different types of families, for example single parents or parents who foster and large families?

5c. How can we ensure our social security system meets the needs of those with childcare and caring responsibilities?

6. Employment Support

The next Labour government will be ambitious in its aim to provide employment support for people throughout their lives when they need it: whether that be when they are looking for their first job, looking for a new job, returning to work after bringing up children or caring for a friend or relative, or after a period of ill health.

6a. How can government best support people to find work?

6b. Should employment support be independent from the administration of benefits?

6c. Who should provide this support and how?

6d. What changes, if any, should be made to Job Centres?

6e. Do you have any innovative ideas about how people could be supported when looking for work?

7. Women and Equalities

Labour has exposed the disproportionate impact of social security cuts on women, disabled, BAME and young people. That is one of the major reasons why the next Labour government will put equality centre stage.

This will of course be vital to the future of a just social security system. In responding to this part of the consultation, however, the Commission also welcomes your comments on equality across the whole country and across all government responsibilities.

We will create a new standalone Department for Equalities headed by a Secretary of State to drive through the change that is needed. The Department will be responsible for:

- Reducing discrimination and inequality
- Ensuring the equalities agenda is embedded across government
- Developing and delivering a national equalities strategy
- Setting standards and targets for this and other departments
- Ensuring this is enforced through all machinery of government

7a. How should this work in practice?

- i. How could a new government Department for Equalities ensure in practice

that social security reduces inequality and discrimination?

ii. What standards, targets and enforcement role would be needed?

7b. How should the department effectively carry out its enforcement function?

i. How could the next Labour government reduce inequality and discrimination in work and pensions through setting up a Department for Equalities?

ii. What standards, targets and enforcement role would be needed?

7c. How should the Department for Equalities best work with other government departments, and what responsibilities should it assume from other departments?

8. Pay Gaps

Ending women's poverty is a central priority and as well as addressing key social security and pensions, issues Labour will take the action needed to close the gender pay gap.

Labour's Shadow Secretary of State for Women and Equalities, Dawn Butler, has announced plans to require all large private and public employers to obtain government certification of their gender equality practices or face fines and further auditing.

8a. What criteria should be used to determine government certification of a company's or institution's gender equality practices?

8b. What penalties should be in place for when companies or institutions fail to attain government certification of their gender equality practices?

8c. Should mandatory government certification only apply to companies with 250+ employees or should the threshold be lowered? What additional support may smaller employers need if these requirements are extended to include them?

8d. Would the Equalities Department take responsibility for the certification and auditing of gender pay practices?

8e. How should we identify and tackle ethnicity pay gaps and disability pay gaps?

Thank you for taking the time to read our consultation document.

We want to harness the views, experience and expertise of our members, stakeholders and the wider public. If you would like to respond to any of the issues in this document, there are a number of ways you can get involved:

- 1. Online:** The best and easiest way to send in your ideas and join the discussion is via our online home of policy making:
www.policyforum.labour.org.uk/consultation2019
- 2. By post:** If you have written down your ideas, you can post these to us at:
The Labour Party,
Policy Unit,
Southside,
105 Victoria Street,
London, SW1E 6QT
- 3. At your local party:** You may want to discuss your ideas with other members of your CLP or local branch. You can suggest to your CLP Secretary that a policy discussion is held at a future meeting.
- 4. Regional Policy Forums:** Look out for events hosted by your regional office, local parties and National Policy Forum Representatives.

You can find out more about the 2019 consultation, upcoming events and more details on how Labour makes its policy at
www.policyforum.labour.org.uk

Follow us on Twitter for regular updates during the consultation
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Please send your ideas before the consultation period ends, it runs until Sunday 30 June 2019.