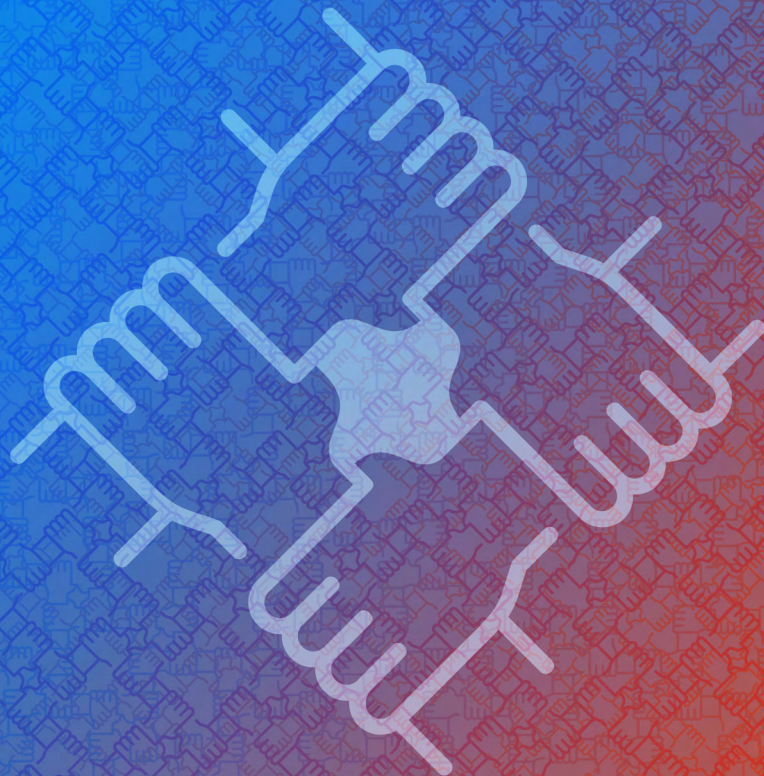


Building up

The future of social security



Anvar Sarygulov and
Phoebe Arslanagić-Wakefield

 bright blue

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Executive Summary

The UK's social security system for working age adults, which is the range of benefits and grants provided by the government to individuals or families to top-up or maintain their income, has seen much change since its inception in the early twentieth century, having been repeatedly expanded and simplified, as Chapter One outlines.

The most recent significant change has been the introduction of Universal Credit (UC) from 2013, which combined six working age benefits into one. However, the change has not been a smooth one, with the rollout facing numerous delays. Fiscal consolidation of previous Conservative-led Governments has also led to real term cuts in value of working age benefits during the 2010s.

However, the COVID-19 pandemic, and the current increase in the cost of living, have put significant financial pressures on working age adults on low income, leading to a number of interventions by the government to financially support them.

This report aims to identify what we can learn about the adequacy, accessibility and fairness of the UK's social security system for working age adults on low income, both before and during the pandemic. From this, the report offers forward original policy recommendations to strengthen the social security system for working age adults.

Focus of this report and methodology

The report seeks to answer the following research questions:

1. How did the public and claimants view the social security system for working age adults, and the reforms introduced by the government, before and during the COVID-19 pandemic?
2. Which principles should guide future policies on social security for working age adults after COVID-19 and be able to build a cross-party consensus among politicians and policymakers?
3. What policies should be maintained and introduced to strengthen the effectiveness and popularity of the social security system for working age adults in the long-term in the 2020s?

In order to answer these questions, we employed seven research methods, as detailed in Chapter Two. First, we conducted an extensive literature review to examine the development of social security policy in the UK and abroad. We scrutinised and synthesised academic books and papers, government surveys, statistics and studies and think tank reports.

Second, we issued a call for evidence to a range of individuals and organisations, asking them to submit evidence on: the experience of UK social security reforms since March 2020; the design of contribution-based social security systems: and, on how to build popular support for social security.

Third, we convened a high-profile commission of leading decision makers, thought leaders and experts-by-experience from different professional, political and social backgrounds. The commission advised on research methodology, analysis, and policy formulation throughout the project.

Fourth, over the course of the project, Bright Blue convened with a range of national, regional and local stakeholders, such as policy experts, charity representatives and workers in national and local government, to have one-on-one and group conversations about the UK's social security system.

Fifth, we drew on existing survey datasets to perform original analysis on the differences between the experiences of Universal Credit

claimants and those not receiving Universal Credit in terms of their financial experiences before and during the pandemic.

Sixth, we polled a nationally representative sample of 3,003 UK adults to measure their attitudes towards social security.

Finally, we developed and organised three deliberative focus groups with Conservative voters, Labour voters and Universal Credit claimants to supplement and expand on the findings of our polling, revealing both common and divergent views on and experiences with the social security system in the UK.

These research methods enabled us to assess, through both objective and subjective measures, the social security system for working age adults in terms of adequacy (Chapter Four), accessibility (Chapter Five) and fairness (Chapter Six). The report concludes with original policies to improve the UK's social security system for working age adults (Chapter Seven).

The social security system for working age adults

Chapter Three outlines and describes the extensive range of benefits and grants available to working age adults, including: Universal Credit and the set of benefits it replaces; contributory benefits paid to people who are unemployed; benefits and grants for low-income households paid through local authorities; and other low-income benefits and grants available at the national level in the UK.

Adequacy of the social security system

By adequacy, we broadly mean the extent to which the social security system for working age adults is able to support households with the cost of living.

The importance of adequacy

Overall, we find in our polling that there is majority support among the UK public for the idea that social security should be “meeting the

cost of living” (72%) and that it should be “meeting basic needs” (67%), with majority of Conservative, Labour and Liberal Democrat voters supporting both statements.

When we asked different focus group participants to determine the extent to which adequacy should be prioritised, adequacy seemed to be perceived as a primary goal of the social security system, but had to be balanced with other aims such as incentivising work.

Adequacy of social security for specific groups of claimants

The UK public is strongly in favour of almost all the claimant groups we asked them about receiving more financial support through the social security system, including those with long-term health problems and their carers (77%), low-income working parents (69%) and low-income workers who start their own business (61%). However, this falls significantly for families with greater number of children (36%).

Public perceptions of adequacy of social security during the pandemic

Drawing on public polling we conducted during the pandemic, we find that the UK public were divided in their assessment of whether a typical benefit claimant receives sufficient or insufficient support to deal with the range of costs we asked them about. Utility bills are the cost which is most likely to be identified as one for which the typical benefit claimant receives less than sufficient support (43%), followed by food costs (38%), costs of replacing broken down appliances (35%), childcare costs (34%), housing costs (24%) and transport costs (21%). Our focus groups broadly concluded that there was a sense that the levels of benefit payments are adequate, but only with extremely careful financial management from the claimant.

Turning to particular types of claimants rather than their costs, we find that only a minority of the UK public in our polling said they are satisfied with the amount of government support received by any claimant group we asked them. Instead, they are most likely to say they are unsatisfied

with the level of support, or neither satisfied nor unsatisfied.

The highest levels of dissatisfaction with government support during the pandemic provided are for those with long-term mental health problems (43%), those caring for someone with a long-term health problem (42%), those with long-term physical health problems (41%) and low-income families with children (37%). On the other hand, lower levels of dissatisfaction are observed for those who were already unemployed before the pandemic (24%), self-employed workers (35%) and those who became unemployed during the pandemic (36%).

Subjective financial experiences of those on low incomes during the pandemic

We discover through our data analysis that the number of existing UC claimants who reported that they find it difficult to manage financially is much higher (34%) than the rest of the population in 2018-19 (7%), and that this gap remained throughout the pandemic, though at a smaller difference by September 2021, when 21% of UC claimants found it difficult to manage financially, as opposed to 5% of the rest of the population.

We also find that negative perceptions of future finances are much more common among both existing (those who started claiming UC before March 2020) and new (those who started claiming UC after March 2020) UC claimants than the rest of the population throughout the pandemic. In May 2020, 54% of existing and 51% of new UC claimants reported they find it likely that they will have difficulty paying for bills and expenses in the next three months, while only 13% of the rest of the population expressed this.

Objective measures of financial experiences during the pandemic

Through our analysis, we discover that in the early months of the pandemic, in July 2020, a minority of existing UC claimants (30%) were reporting that their personal debt was increasing over the last

four weeks, compared to only 5% of the rest of the population. However, this gap narrowed significantly in later months of the pandemic, falling to 11 percentage points in September 2021.

We also find that before the pandemic in 2018-19, 27% of existing UC claimants reported not being up to date with housing payments, as opposed to 7% of the rest of the population. However, there is a significant fall in the number of both existing and new UC claimants who report not being up to date with housing payments towards the end of the pandemic: only 13% in both groups report not being up to date on housing payments in September 2021, while 7% of the rest of the population reported being in this position.

Similarly, we also find that before the pandemic in 2018-19, 25% of existing UC households reported not being up to date with household bill payments such as gas and electricity, rising to 41% at the start of the pandemic in May 2020 and falling to 32% by September 2021, as opposed to 5% of the rest of the UK population in all periods of time. Similarly, 32% of new UC claimants reported not being up to date with household bill payments in May 2020, falling to 24% in September 2021.

Our research also finds that a small number of existing UC claimants were using a food bank during the pandemic: 6% at the start of the pandemic in May 2020, and 7% in later months. This contrasts with the rest of the population, which only had 2% reporting using a food bank in May 2020, and 1% in later months.

Accessibility of the social security system

Given the complexity of the UK's social security system, sprawling across different administrative bodies, it is vital to examine the extent to which different elements of it are accessible to those who are eligible.

Accessibility of UC

Through our polling, we find that a majority (57%) of the UK public agree that “there is a large number of people who should receive

benefits, but are not claiming them”. Our focus groups identified a number of reasons behind this: the complexity of the benefits system; poor signposting by government services; and a dearth of information available to the public, with some going as far as saying that the government deliberately makes it hard to claim benefits. However, there was also acknowledgement that while the benefit system is complex, people should also take responsibility for finding information.

In terms of process, focus group participants were more likely to identify stigma stemming from the inflexibility and negative behaviour of DWP staff as a greater difficulty than any complexity in the application process itself, noting that a claimant’s experience could be highly dependent on the member of staff they might deal with. Some also discussed negative and stigmatising feelings caused by burdensome or extensive requirements to submit documentation in order to access benefits.

Accessibility of non-UC elements of social security system for working age adults

There are also challenges with the take-up of non-UC elements of the social security system for working age adults.

First, the number of recipients of Council Tax Reduction – which is support with Council Tax costs for low-income households – steadily declined from 3,185,000 in 2013-14 to 2,798,00 in 2019-20, followed by an uptick to 3,117,000 recipients in 2020-21, mostly due to the increase in benefit recipients during the pandemic. However, notably, increase in claimants of Council Tax Reduction in the first year of the pandemic, between 2019-20 and 2020-21 is only 11%, although the same time period saw the number of out-of-work claimants of UC and legacy benefits increase by 53%.

Second, there’s been a rapid decline in the number of awards for Sure Start Maternity Grant – which is a one-off payment provided to low-income parents to assist with the initial costs of having a child – between 2012-13 and 2017-18, falling from 77,000 to 50,500 in this time period, representing a 34% decline in number of

awards, though the number of awards has steadily risen to 54,900 by 2020-21 since 2017-18, in part driven by devolution of the grant in Scotland.

Third, a significant proportion of low-income families eligible for the Healthy Start Vouchers – which is a NHS scheme which provides a food voucher to low-income expecting women after the 10th week of their pregnancy and low-income parents of children under the age of four – miss out on this form of government support, with take-up varying significantly. The lowest level of take-up observed in this period was 48% in May 2020 at the start of the pandemic, rising to 71% by March 2022, but which still means that 155,000 parents are missing out.

Fourth, there's been a fall in the number of awards for Funeral Expenses Payment – which is a one-off payment provided as a grant to a low-income person who is responsible for arranging a funeral – between 2012-13 and 2018-19, falling from 35,000 to 29,100 in this time period, representing a 17% decline in number of awards, but increasing to 34,000 in 2020-21 due to the pandemic.

Finally, the number of Warm Home Discount awards – which is a scheme which provides rebate on energy bills to specific groups of low-income people – given to people of working age has increased significantly since its launch in 2011-12, from 234,000 awards, to 1,157,000 awards in 2019-20. This increase usage is in contrast to the other benefits and grants described above.

Fairness of the social security system

There are two important aspects to consider when assessing the fairness of the social security system for working age adults: the role of contribution and the role of conditionality.

The importance of contribution

Contribution in the context of social security refers to the idea that the level of fiscal contributions should have some kind of determination over an individual's entitlement to receive support through the social

security system.

We find through our polling that there is a broad level of support for a positive contributory principle (where those who contribute receive more support) among the UK public (54%). A negative contributory principle (where those who did not contribute do not receive support) is much more divisive, with 40% supporting, 39% opposing it and 20% neither supporting nor opposing it. Conservative voters are more likely (66%) than Labour (49%) and Liberal Democrat (40%) voters to support a positive contributory principle. Similarly, Conservative voters (53%) are much more likely than Labour voters (30%) and Liberal Democrat voters (31%) to support a negative contributory principle.

We also discover that a narrow plurality of 37% of respondents say “the benefits system should prioritise helping people who are in a difficult position, even if they did not previously pay tax contributions into the system” comes closest to their view, while 30% say “the benefits system should prioritise helping people who have paid into the system previously, even if that means providing less help for people in a difficult financial position”, which means adequacy, albeit narrowly, matters more than fairness, through the concept of contribution, for the design of the social security system. However, our qualitative work revealed that a majority of focus group participants agree that the social security system should prioritise people on the basis of current need, rather than prior contribution.

A plurality of the UK public says that people receive too little support for the contributions they make into the social security system through paying taxes (40%). Our focus group participants understood that they themselves may never recoup payments commensurate to what they have paid into the social security system, but were content with this knowledge.

Conditionality as a form of fairness

We started with the notion that that a fair social security system would in part be one which rewards people for paying into the system, so the

level of support you can get is linked with your previous contribution. We might also extend this to adherence to the rules for receiving social security; that a fair system grants people resources if they contribute by following the rules.

In our polling, the UK public is divided in their view on conditionality, highlighting that it is a more divisive element of the social security system. First, 40% of the UK public agree with prioritising accessibility within the social security system, while 32% support prioritising conditionality. The UK public are similarly divided on whether there should or should not be conditionality in the social security system for those on a low income, but already in work, with 35% agreeing more with there being no conditionality for low-income workers, while 33% agree more with the presence of conditionality for low-income workers.

When measured support for the statement: “It is important to make claiming benefits difficult to stop people from claiming them fraudulently, even if that means some people with genuine need miss out on receiving help”, we find the UK public divided, with 39% opposing and 40% supporting.

Contributory unemployment social security systems in other countries

The UK is a notable outlier in terms of its unemployment benefit design. Unemployment social security systems in most developed nations, including almost all OECD members, are two-tier. They usually consist of a basic social assistance scheme, accessible to all through means-testing, and additional unemployment insurance, which usually requires a certain amount of employment history to access, but is generally more generous. We examine four case studies of foreign social security systems: Germany, Netherlands, Denmark and Canada, to illustrate their common features in terms of the role of contribution. In contrast, receiving the UK’s contributory unemployment benefits is almost identical to receiving the means-tested ones, as detailed in Chapter Three.

Hence, the wider evidence suggests that the UK's social security system for working age adults tends to provide relatively low level of income protection for those who become unemployed in the short-run, with replacement rates being low even when accounting for all elements of the social security system in comparison to other developed systems.

However, the UK's long-term unemployed receive income protection that is actually above average in comparison to other developed nations.

The main issue with the design of the UK social security system then is that by providing a low level of income protection at the start, because of the lack of contributory benefits, households face much more significant income volatility if their main earner loses their jobs.

The UK's furlough scheme during COVID-19

The UK is clearly exceptional in not having this two-tiered approach to social security for working age benefits, meaning that its short-term net replacement rate is relatively low, which impacts the adequacy of the overall social security system. However, it is worth flagging that during the pandemic, the UK did introduce a social security scheme – the furlough scheme – that imitated the income-replacement aspect of contributory schemes through the UK's furlough scheme.

We asked the UK public whether they would support or oppose the introduction of a scheme where government would pay for some of the wages of employees in businesses affected by an economic downturn for a short period of time, funded by an increase in National Insurance for all workers. A plurality of respondents (37%) say they would support the introduction of the furlough-style scheme, 23% say that they oppose it and 27% say that they neither support nor oppose it. There was stronger scepticism among our focus group participants, who expressed concern about cost and abuse by employers.

However, we find stronger support for a range of other contributory policies. In particular, a voluntary scheme you and your employer would pay into which would provide you with a significant portion of your

salary for up to six months if you became unemployed enjoys the greatest level of net support (42%) of all new contributory policies we test. This scheme received a cautiously positive reaction from focus group participants. Immediate questions were raised about: how such a scheme would interact with Universal Credit payments; whether it would be compulsory or voluntary; and whether it would fall to employers or employees to make more significant payments into the scheme.

New policies

It is clear from our fieldwork and wider evidence that the UK's social security system for working age adults could be made more adequate, more accessible and more fair. Hence, we set out three major policies to address each of these priorities.

When formulating policy, we applied four key tests that needed to be met:

- **Fiscal realism.** Both the pandemic, and the current increase in the cost of living, has forced the Government to make significant fiscal interventions to assist households. However, the cost of government borrowing is now rising and it is a priority to reduce the current budget deficit. Hence, any suggested policies should only demand minimal increases in government spending in the short-term, and realistic increases in the medium-term.
- **Progressivity.** There is a significant minority of people on low incomes, many of whom are in receipt of UC, who are facing significant financial challenges, with some of them facing outright deprivation. Policies must therefore focus on helping the claimants which are most likely to face those challenges. This is particularly essential given the rising cost of living, which is set to significantly worsen over the course of Winter 2022-23.
- **Seeking cross-party consensus.** Debate about the future of the UK's social security system have drawn sharp dividing lines between the major political parties in recent years. This is despite

the presence of a significant public consensus on many issues around adequacy, accessibility and fairness of the social security system, as highlighted by our evidence in this report. A key aim of this project has been finding common ground on social security reforms for working age adults across the political divide. The proposals we put forward should draw from and appeal to those across the political spectrum.

- **Rooted in the ideas of the public, especially claimants.** When possible, policy ideas around the social security system for working age adults should both emerge from, and be shaped by, the views of the public at large, and particularly by claimants. The views of the public are important because the social security system must retain broad support to be able to effectively provide support. The views of the claimants are vital to consider because of their lived experience of the social security system.

Recommendation one: Establish a new ‘minimum living’ income, which will be proposed by a reformed and expanded Social Security Advisory Committee, which will also recommend the levels and uprating of different social security payments to help low-income households meet the ‘minimum living’ income.

Our report has highlighted that for a number of claimants, the social security system for working age adults has been providing inadequate level of support both before and during the pandemic, causing poverty, and in some cases, deprivation.

Yet, the majority of the UK public, and majorities of all voters of major parties, support the idea that the social security system for working age adults should provide support that allows people on low incomes to meet the costs of their living.

We recommend that the Social Security Advisory Committee is reformed and expanded, giving it a new remit to create and maintain a new ‘minimum living’ income benchmark, including for housing costs.

In addition, it should be tasked with making recommendations on the minimum levels to which different elements of the social security system should be set for working age benefits so that claimants can meet the ‘minimum living’ income benchmark. The Social Security Advisory Commission will be modelled after the Low Pay Commission.

We propose that the new Social Security Advisory Committee will remain an advisory, non-departmental public body sponsored by the Department for Work and Pensions. However, it should be expanded to have 12 commissioners: six independent policy experts, four policy experts appointed politically (two by the Government, two by the Opposition) and two experts-by-experience. The presence of political appointees and experts-by-experience will emulate the role of trade union and business representatives in the Low Pay Commission, which is to involve key stakeholders in the process of developing and setting the ‘minimum living’ income.

We recommend that the reformed Social Security Advisory Committee should have the following new remit. First, to develop and annually update the ‘minimum living’ income benchmark for different types of households, just as the Low Pay Commission recommends different rates for different age brackets. This ‘minimum living’ income should seek to ensure the social security system is able to provide support for people’s basic needs, in line with the broad consensus across the public illustrated in Chapter Four on issues of adequacy and be developed as part of a wide-ranging evidence gathering exercise, including both quantitative and qualitative research commissioned by the Social Security Advisory Committee, gathered through a call for evidence and in-person meetings with a wide range of stakeholders, including those who have experience of the system.

Second, the Social Security Advisory Committee should annually evaluate the extent to which the social security system is allowing different types of households to meet the ‘minimum living’ income. It should then make recommendations on the minimum level of uprating needed across the social security system to meet the ‘minimum living’

income benchmark. It should also conduct periodic reviews of various thresholds and caps within the social security system and to examine whether they are affecting people's ability to meet the cost of living, such as the benefit cap. A benchmark should also be set under which benefits cannot fall below even if a sanction was applied to their recipient.

Ultimately, the decision on the level and uprating of social security payments for working age adults must remain a democratic one, meaning the body's role will continue to be advisory.

Recommendation two: The DWP should create a centralised 'Social Security Digital Platform', for all UC claimants, which acts as a single referral, application and processing platform for all benefits and grants available to low-income working age adults and allows UC claimants to have greater control over the frequency and destination of their payments.

Our research, both in this report but also in our 2019 *Helping Hand* report, highlights that there are significant barriers to both claiming and managing a wide range of benefits, including UC, for a significant number of low-income individuals.

Our research also suggests that there is significant issue of take-up with a wide range of non-UC low-income working age benefits and grants. Central and local governments have taken some action to increase awareness and reduce complexity of some of these benefits over the last couple of years. But these piecemeal measures are failing to effectively reduce the significant take-up gap for these benefits and grants.

We recommend that following the completion of migration of all legacy benefit claimants to UC, the government utilises the baseline IT system created for UC and expands it into a one-stop Social Security Digital Platform for all UC claimants.

The Social Security Digital Platform will contain the following functions. First, it will act as a single referral, application and processing platform for all benefits and grants available to low-income working age adults at the national and local level. Second, it will notify claimants of

benefits when they might be eligible for more social security support, using their Real Time Information (RTI) data. Third, it will provide a significantly greater level of control to UC claimants over their UC award, specifically the frequency and destination of it.

Hence, there are three key elements to the new Social Security Digital Platform. First, in role in referring.

A key part of the UC system is its integration with the RTI payroll systems, which requires almost all employers in the UK to report information related to pay, tax and deductions to HM Revenue and Customs at the time they pay their wages to their employees. DWP utilises this data to make decisions about UC claimants who are in work, updating their UC awards for each monthly assessment period on the basis of the RTI system.

UC claimants who have had seen a significant decline in their income should receive prompts through the Social Security Digital Platform to explore additional support that might be available to them at the national or local level.

The second essential role of the Social Security Digital Platform will be application, where it will work differently for different benefits.

For the Sure Start Maternity Grant, Healthy Start Vouchers and Free School Meals, the central government holds almost all the information necessary to process these applications. Here, the Social Security Digital Platform should utilise claimant's data to automatically enrol claimants onto these schemes where they hold all the necessary information, and proactively request additional information through the Social Security Digital Platform where it is necessary.

For the Funeral Expenses Payment, Council Tax Reduction schemes, the Discretionary Housing Fund and other local crisis welfare assistance, where more information from claimants is usually necessary to process the application, claimants should be able to make applications directly through the Social Security Digital Platform, including submitting any additional evidence. Local authorities will need to integrate their localised schemes with the Social Security Digital Platform.

Finally, the third essential role of the Social Security Digital Platform will be processing UC claims.

We recommend that UC claimants have multiple processing functions through their new Social Security Digital Platform. First, claimants should be able to personalise the default frequency of their UC awards, allowing UC claimants to receive their award in either monthly or fortnightly payments. Second, claimants should be able to personalise the destination of elements of their UC awards. Third, claimants should be given the ability to grant continuous explicit consent to their advocates, allowing claimants who need help from personal or third-party advocates with their application or claim to interact with DWP without needing to reconfirm consent from the claimant each time. Fourth, claimants should be given the ability to temporarily suspend deductions.

The introduction of the Social Security Digital Platform will significantly expand the need to interface with a digital system, and hence possess digital skills, for individuals, as they will need to utilise it to access the afore-mentioned auxiliary benefits and grants. To ensure digital exclusion is not worsened with the introduction of the Social Security Digital Platform, we recommend that the Government expands the funding for the Help to Claim scheme to provide ongoing support for those utilising the Social Security Digital Platform. The expansion of Help to Claim should include provision of funding for some face-to-face support, and involve working closely with existing third sector organisations as providers of such support to scale up its provision.

Recommendation three: Create a new, higher-level and time-limited Contribution Element in Universal Credit, which is paid out to those who have paid a new additional, voluntary, National Insurance (Unemployment Supplement).

There is significant level of public support for the principle of contribution within the UK's social security system, meaning those who have paid more into the system should receive greater support. However,

the role of contribution is much more divisive if it comes at the expense of adequacy of benefits, meaning increasing the role of contribution cannot come at the expense of providing a minimum level of support to all households who are failing to meet the cost of living.

We recommend that, once the managed migration of UC is complete, the Government introduces a new Contribution Element to Universal Credit. The Contribution Element will be funded through, and its receipt will be conditional on, a new category of National Insurance (Unemployment Supplement) Contributions, which will be a voluntary payment from which employees could opt-out. Our polling in Chapter Seven outlines the public support for this idea.

The Contribution Element will replace the current New Style Jobseeker's Allowance and Employment and Support Allowance.

We recommend that before implementing the Contribution Element, the Government puts out a detailed and extensive Green Paper outlining the potential funding settlements for it, and the implications of each funding settlement on different design elements of the Contribution Element. This Green Paper should contain extensive economic modelling of a range of funding settlements.

Conclusion

There is a significant minority of social security claimants of working age who are struggling financially, because the support they receive is inadequate. This is seen both from rates of both poverty and destitution before the pandemic, and with how some UC claimants were struggling financially during the pandemic. The public, across the political divide, believes that financial support through the social security system should be high enough to enable working age people to meet basic needs.

It is also necessary improve accessibility of the social security system for working age adults, as a significant minority of those who need help struggle to access it, particularly for non-UC benefits and grants.

But it is also essential to make the UK's social security system more fair. The public is supportive of the contributory principle, but

the current system does little to reward contribution, especially when compared to the rest of the developed world.

The three policies put forward in this report seek to improve the affordability, accessibility and fairness of the social security system for working age adults based on four clear principles: fiscal realism, progressivity, seeking cross-party consensus and being rooted in the ideas of the public, especially claimants. These policies are not exhaustive, but they would make significant step towards the UK's social security system for working age adults being more adequate, accessible and fair.

Chapter One: Introduction

A brief history of the UK's social security system

The UK's social security system refers to the wide range of financial support, which primarily comes in the form of benefits and grants, provided by the government to individuals or families to top-up or maintain their income, and is also often referred to as the 'welfare system'. UK government has utilised the social security system for a number of purposes, including relieving poverty, maintaining income, redistributing income and helping to meet additional costs for disabilities.

The UK's social security system has evolved substantially over the past century. Its humble beginnings were in the early twentieth century under Liberal Governments, which introduced the first unemployment insurance, applying to only one sixth of the workforce.¹ Since then, it has evolved to a £225 billion behemoth.² Today, the social security system represents around 10% of the UK's GDP³ and was a key mechanism through which the UK government supported people through the COVID-19 pandemic.

It would be impossible to give a full account of the development of the

1. Nicholas Timmins, *The Five Giants: A Biography of the Welfare State*, 13.

2. Laura Gardiner, "The shifting shape of social security: Charting the changing size and shape of the British welfare system", <https://www.resolutionfoundation.org/app/uploads/2019/11/The-shifting-shape-of-social-security.pdf> (2019), 14.

3. *Ibid.*

social security system within this report. Instead, here we focus on the most major reforms to benefits for working age people seen in the last 125 years, which broadly speaking involves an expansion of the system to meet a new need followed by simplification. It should be noted that many of the reforms below were usually accompanied by significant changes to state benefits or pensions for the elderly, but, as the report focuses on working age adults, these are omitted.

The roots of the UK's social security system could be found in the welfare reforms introduced by Liberal Governments between 1906 and 1914.⁴ The Labour Exchanges Act of 1909 established state-funded voluntary labour exchanges, laying the foundations for Jobcentres. The National Insurance Act of 1911 created the National Insurance system, providing health insurance to all, and unemployment insurance to some industrial workers eventually expanded to all workers in 1920. For the first time, the state created a nation-wide system to meet the financial and health needs of those who were not in work, though with many conditions attached.

But while the social security system's foundations were conceived in the early twentieth century, its full birth was delivered by Sir William Beveridge's ground-breaking report *Social Insurance and Allied Services* (i.e. the 'Beveridge Report'), and the reforms subsequently introduced after the Second World War. The Beveridge Report was partly a response to the rising demand for better social protection low-income people, and partly a response to the complexity of the fragmented insurance system of a thousand different payment bodies that existed in the inter-war period.

Outright, the seminal Beveridge Report stated that the proposed plan "covers all citizens without upper income limit...it is a plan all-embracing in scope of persons and of needs",⁵ meaning that his vision was of a social security system that was universal, providing coverage to all of those living in the United Kingdom. This plan included

4. J. R. Hay, *The origins of the liberal welfare reforms, 1906*, 14.

5. William Beveridge, *Social Insurance and Allied Services* (London: His Majesty's Stationery Office, 1942), 9.

retirement pensions, children allowances and multiple classes of social insurance for those who are of working age, to be financed by weekly contributions. Hence, the role of ‘contributory welfare’ – that is, the idea of linking benefit entitlement to past contributions – was key to Beveridge’s proposals: “The state should offer security for service and contribution...it should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than the minimum”.⁶

The social security reforms introduced after the Second World War were inspired by the Beveridge Report, but did not adopt the recommendations in full. The wartime Coalition Government passed the Family Allowances Act of 1945, which introduced a universal benefit paid for each second and subsequent child. The Labour Government of 1945 followed up with several pieces of legislation, including: the Industrial Injuries Act of 1946, which nationalised compensation payments by providing compulsory insurance for industrial injuries; the National Insurance Act of 1946, which made National Insurance compulsory for almost all workers and also provided illness and unemployment benefits in return for those contributions; and the National Assistance Act of 1948, which provided basic social security benefits to those who do not make contributions. The latter was a notable departure from Beveridge’s Report and signalled the beginning of delinking of contribution from the benefit system that would happen over the latter part of the twentieth century, with an increasing focus on means-tested benefits instead.

Further piecemeal expansion of the social security system for working aged adults was undertaken by both Labour and Conservative Governments in the 1960s and 1970s, with a significant emphasis on decreasing the link between contribution and entitlement, addressing the needs of many of those who were unable to make contributions due

6. *Ibid.*, 9.

to their circumstances. In particular, the Social Security Act of 1966 improved access to unemployment benefits to those who previously did not qualify for them due to lack of employment history, while the National Insurance Act of 1966 introduced supplementary earnings-related benefit, which increased the generosity of unemployment, sickness and widows' benefits.

There was also a number of new working age benefits on offer to support people in specific circumstances. The Family Income Supplement, introduced in 1970, was an additional means-tested benefit offered to low-income families, while the introduction of the Invalidity Benefit in 1971 provided support for those who had a long-term physical health problem that prevented them from working, even if it was not caused by industrial injury or war. Finally, Child Benefit was introduced in 1977, replacing the Family Allowances introduced in 1945, greatly simplifying the way universal child payments were made to families.

The growth of the social security system in both cost and complexity did not go unnoticed by the Conservative Governments of 1980s. The 1985's *Social Security Review*'s announcement begun with both a tribute to the Beveridge Report, and a comment that the system had grown too complex, with the need for a "simpler and more coherent system", introducing a range of reforms reducing spending commitments.⁷

Beyond cost cutting, the *Social Security Review* led to the transformation of the Family Income Supplement into Family Credit, the introduction of Income Support for lone parents, simplification of the Housing Benefit regime and its transfer to local authorities, and the standardisation of the means-tests for various benefits, which reduced the complexity in the system in terms of both administration and access by claimants without reducing levels of payments. The *Social Security Review* also led to the standardisation of various discretionary supplementary benefits

7. Norman Fowler, "1985 Statement on the Social Security Review", <https://www.ukpol.co.uk/norman-fowler-1985-statement-on-the-social-security-review/> (1985).

for costs of essentials into the Social Fund, which provided funding for a range of one-off payments for people on low incomes. It also removed the universal entitlement to maternity and funeral grants, making them means-tested instead.

The Labour Governments of 1990s and 2000s expanded the social security system for working age people once more with the introduction of Tax Credits, which greatly expanded on Family Credit by introducing two new benefits: Child Tax Credit and Working Tax Credit, which were both means-tested. This expansion was driven by two key considerations. First, even greater increase in targeting of benefits through means-testing, though expanding the presence of benefits to those who were on very low incomes despite being in work. Second, creating greater incentives to work for individuals on benefits by supplementing the incomes of those on low pay, or working part-time, through Working Tax Credit.

Following this, the Conservative-led Governments of 2010 once again focused on simplification: by 2010, the formal benefit guidance of DWP ran to almost 10,000 pages.⁸ The biggest reform was the introduction of Universal Credit in 2013, which combined six working age benefits (Housing Benefit, Jobseeker's Allowance, Employment and Support Allowance, Income Support, Working Tax Credit and Child Tax Credit) into a single one. The Centre for Social Justice's *Dynamic Benefits*, the initial blueprint for the Universal Credit system, describes it as "a simplified system that provides greater rewards for work...while ensuring all households receive a fair minimum income".⁹ The transition to Universal Credit, however, has not been a smooth one, with the initial plan to complete rollout by the end of 2019 having been delayed due to a number of factors,¹⁰ which are described in more detail in Chapter Three, which explains in detail the most recent developments in the

8. Nicholas Timmins, *The Five Giants: A Biography of the Welfare State*, 697.

9. Centre for Social Justice, "Dynamic Benefits: Towards welfare that works", <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2018/03/CSJ-dynamic-benefits.pdf> (2018), 34.

10. Comptroller and Auditor General, "Rolling out Universal Credit", <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf> (2018), 25.

UK's social security system before the pandemic.

Hence, the history of the social security policy for those of working age in the UK should be seen as one of both expansion and simplification since the beginning of the 20th century.

The uniqueness of this research

This research report is unique in three ways.

First, it is one of the first extensive evaluations of the attitudes of the UK's public towards the social security system for working age adults in the wake of the pandemic. Much initial analysis of public opinion on the social security system suggested that the pandemic is likely to have led to more sympathetic sentiment towards social security claimants in the UK, whether due to stronger solidarity in the face of a national crisis, the rise in number of claimants leading to more people experiencing the system, or the understanding that people forced onto benefits during the pandemic were 'deserving of help'.¹¹ But polling from the pandemic suggests that this has not actually been the case. This report examines in detail the attitudes of the UK public towards the social security system for working age adults during the pandemic in much greater detail, unearthing attitudes towards the adequacy, accessibility and fairness of the current social security system for working age adults. This will help politicians and policymakers to get a much better understanding of how the public now thinks of social security after the pandemic.

Second, this report considers issues with the UK's social security system that need to be addressed in the medium- and long-term. The pandemic, and the current cost-of-living crisis, has meant that much of the energy of policy makers and the third sector has been spent on short-term support that will provide help to those on low incomes in response to the large-scale crises that are currently unfolding. But the

11. Rianne de Vries et al., "Solidarity in a crisis? Trends in attitudes to benefits during COVID-19", https://usir.salford.ac.uk/id/eprint/62045/1/62608d_ffc54112b28141f8b85a9e9474120452.pdf (2021).

UK's social security system also faces more fundamental challenges, which require us to implement more substantive interventions. Previous development of the UK's social security system has led to substantive deficiencies in the adequacy of the system, its accessibility and its fairness. Addressing these issues will not only strengthen the social security system in the long-term, but also make it more resilient in the face of future crises.

Third, the policy development in this report had two essential aspects: it was driven by seeking cross-party consensus and informed by experts-by-experience. Social security has been a notable political dividing line, especially since 2010. And while there exist fundamental, irreconcilable differences in values, our research in Chapters Four, Five and Six highlights that there are also many perspectives on the UK's social security system shared by both those on the right and those on the left. On most issues of adequacy and fairness we have examined, voters from different political parties agree. Therefore, it is plausible to develop a significant programme of reform of the UK's social security system on the basis of this consensus. But it is also essential that this policy development is informed by the experiences of the claimants, who are most directly affected by the social security system. Our policy proposals take account of both of these aspects.

The focus of this research

This report assesses the state of the adequacy, access and fairness of the UK's social security system for working age claimants before and during the pandemic, combining both data from government surveys and public and claimant attitudes to develop long-term policies that will strengthen the social security system.

In particular, this report focuses on aspects of the social security system that are means-tested and provided to working age adults. This means that benefits for pensioners and those that are not means-tested, such as disability benefits, are not examined.

The main research questions that will be explored in this project are:

1. How did the public and claimants view the social security system for working age adults, and the reforms introduced by the government, before and during the COVID-19 pandemic?
2. Which principles should guide future policies on social security for working age adults after COVID-19 and be able to build a cross-party consensus among politicians and policymakers?
3. What policies should be maintained and introduced to strengthen the effectiveness and popularity of the social security system for working age adults in the long-term in the 2020s?

The report is structured as follows:

- **Chapter Two** describes the research methods employed, including a literature review, call for evidence, cross-party commission, statistical data analysis, public polling and focus groups.
- **Chapter Three** examines the state of the UK's social security system for low-income working age people since 2010.
- **Chapter Four** considers the extent to which the UK's social security system for working age people is adequate.
- **Chapter Five** analyses the extent to which the UK's social security system for working age people is accessible.
- **Chapter Six** analyses the extent to which the UK's social security system is fair in terms of contribution and conditionality.
- **Chapter Seven** recommends new policies to address the issues surrounding adequacy, access and fairness that emerged from our research.

Chapter Two: Methodology

As Chapter One explained, this report aims to explore in detail adequacy, access and fairness of the UK's social security system for working age adults before and during the pandemic, based on government survey data and public and claimant attitudes. It then proposes a range of reforms to improve the social security system in the future. This chapter explains in detail the methods used to achieve these research objectives.

Research techniques

We employed seven research methods in this project.

Literature review. We conducted an extensive literature review to examine the development of social security policy in the UK and abroad. We considered and synthesised academic books and papers, government surveys, statistics and studies and think tank reports.

Data series exploring social security are illustrated from 2007 where data is available; otherwise they illustrate from the earliest available date after 2007. We also conducted a detailed examination of social security systems internationally and developed detailed case studies to illustrate their design.

Call for evidence. We issued a call for evidence to a range of individuals and organisations, asking them to submit evidence on: the experience of UK social security reforms since March 2020; the design of contribution-based social security systems; and on how to build popular

support for social security. We received 18 submissions and utilised the evidence contained within them to supplement the findings from our literature review and as the evidence base for our policy formulations.

Cross-party commission. We convened a high-profile commission of leading decision makers, thought leaders and experts-by-experience from different professional, political and social backgrounds. The commission advised on research methodology, analysis and policy formulation throughout the project through two collective meetings and a number of bilateral meetings.

Expert stakeholder consultation. Over the course of the project, Bright Blue convened with a range of national, regional and local stakeholders, such as policy experts, charity representatives and workers in national and local government, to have one-on-one and group conversations about the UK's social security system.

Statistical analysis. We drew on existing survey datasets to perform original analysis on the differences between the experiences of Universal Credit claimants and those not receiving Universal Credit in terms of their financial experiences before and during the pandemic.

The main national dataset was the Understanding Society COVID-19 Study,¹² with the data weighted to be representative of the adult population of the United Kingdom. The Understanding Society COVID-19 Study conducts surveys at different intervals, with some questions remaining the same and some varying between different survey waves. The months during the pandemic used in the analysis (May 2020, July 2020, November 2020, January 2021, March 2021 and September 2021) were chosen on the basis of the availability of data on answers to questions of interest. Where possible, we have also included a comparison with responses to questions before the pandemic, utilising data from the 2018-19 UK Household Longitudinal Study.¹³

Where possible, we examine the financial experiences of three

12. University of Essex and Institute for Social and Economic Research, "Understanding Society: COVID-19 Study", *UK Data Service*, 2021.

13. *Ibid.*

population groups: those who do not claim Universal Credit ('non-UC' or 'the rest of the population'), those who were claiming Universal Credit in February 2020 ('existing UC'), and those who began to claim Universal Credit in March 2020 or later ('new UC'). This was not possible for the January 2021 group due to data limitations, so one question around food bank usage, which utilised this data, only compares non-UC and existing UC groups.

While the non-UC group could include some claimants of other working aged benefits, this group does provide a benchmark for how the broad population has been affected by the pandemic in terms of their perceived and actual financial situation.

Unweighted sample sizes for each of the group we examined in our original structural analysis and each time period are shown in Table 2.1 below.

Table 2.1. Unweighted sample sizes of new, existing and non-UC claimants in the Understanding Society COVID-19 Study and 2018-19 UK Household Longitudinal Study

Time	Non-UC	Existing UC	New UC
2018-19	33,561	757	N/A
May-20	14,262	282	267
Jul-20	12,635	284	253
Nov-20	11,328	237	257
Jan-21	11,345	236	N/A
Mar-21	11,806	252	351
Sep-21	11,772	279	429

Public polling. Polling of a nationally representative sample of UK adults was undertaken by Opinium through online interviews conducted between 28th January and 3rd February 2022, towards the end of the COVID-19 pandemic. The main sample of 2,008 UK adults was weighted by Opinium to reflect a nationally representative audience according to gender, age, region and employment status. A full

list of polling questions is provided in the Annex.

Box 2.1 lists all the cross-breaks that were used in the polling.

Box 2.1. Complete polling cross-breaks

- Gender
- Age
- Region
- Working status
- Household income
- Education status
- Homeownership status
- Benefit claimant status
- Disability status
- Informal carer status
- 2019 General Election vote
- 2016 EU vote

The polling has a large number of questions and cross-breaks, many of which show marginal or no differences between different socio-demographic groups of UK adults. In order to give prominence to the most significant divergences between socio-demographic groups, the report prioritises the reporting of three groups which are most often associated with differences in the data: household income, benefit claimant status and 2019 General Election vote.

We have not reported any data for which the sample size was under 50 due to the large confidence intervals of these results, which reduce the chance that they are representative of the UK population.

Deliberative focus groups. We developed and organised three deliberative focus groups in partnership with BMG Research to supplement and expand on the findings of our polling, with the deliberative focus groups being conducted between 26th and 28th April 2022, towards the end of the COVID-19 pandemic. Each group invited and included between five and seven participants and had a

particular composition: those who voted for Labour in 2019 and are leaning to voting for them again ('Labour group'); those who voted for the Conservatives in 2019 and are leaning to voting for them again ('Conservative group'); and those who have claimed Universal Credit at some point during the pandemic and are swing voters ('Experience-of-Universal-Credit group'). The participants were recruited through a panel and given a monetary incentive to participate.

While the deliberative focus groups revealed both common and divergent views on and experiences with the social security system in the UK, it is crucial to not extrapolate this evidence as representative of Labour voters, Conservative voters or those with experience of claiming Universal Credit. Rather, the evidence that emerges from the depth interviews provides clarification or colour to existing evidence. The reason why each deliberative focus group cannot be deemed as representative is that each focus group is too small to capture the potential range of opinions within each demographic.

Bright Blue and BMG Research jointly co-authored the deliberative focus group guide, which is included in the Annex. Each deliberative focus group ran for 90 minutes and was both recorded and transcribed for accurate reporting purposes. Participants were asked about three issues within the social security system: the cost of living crisis, the overall adequacy of the social security system and fairness of the social security system.

Furthermore, we have asked all groups of their views on potential policies to allow us to devise considered and practical policies that reflect the concerns of both voters across the political spectrum and those with experience of using the social security system.

Chapter Three:

The UK's social security system for low-income working age people since 2010

Having outlined a brief history of the UK's social security system for working age adults since the start of the twentieth century, this chapter will describe the broad shape of the UK's social security system for low-income working age people since 2010, essentially illustrating how the social system changed during the COVID-19 pandemic and providing a detailed overview of the UK's social security system for working age adults today.

This chapter considers the four main groups of benefits and grants in the social security system for working age people: Universal Credit and the set of benefits it replaces; contributory benefits paid to people who are unemployed; benefits and grants for low-income households paid through local authorities; and other low-income benefits and grants available at the national level in the UK.

It is important to highlight that there are several major benefits accessible to those of working age which are excluded from this report, as access to them is not limited to low-income households and is not means-tested, most notably: Personal Independence Payment, Carer's Allowance and Child Benefit.

Universal Credit and legacy benefits

Changes before the pandemic

Universal Credit (UC) was introduced in 2013 and combined six

working age benefits (described collectively as 'legacy benefits' in this paper) into a single payment:

- **Jobseeker's Allowance (JSA).** A benefit paid to unemployed people, or people who are working fewer than 16 hours a week, and who are actively looking for a new job.
- **Employment and Support Allowance (ESA).** A benefit paid to people who have a disability or a health condition which affects their ability to work.
- **Income Support (IS).** A benefit paid to people out of work, or people who are working fewer than 16 hours a week, and who are in a circumstance which limits their ability to be employed, such as being a full-time carer or being a lone parent with a young child.
- **Working Tax Credit (WTC).** A benefit paid to people who are in work, but are on a low income, to top up their earnings.
- **Child Tax Credit (CTC).** A benefit paid to people on a low income to help with the costs of bringing up a child.
- **Housing Benefit (HB).** A benefit paid to people on a low income to help them with costs of renting a house.

By replacing the above legacy benefits, UC effectively acts as the main way in which financial assistance is provided to those who are unemployed or who are on a low income. UC also provides ad-hoc financial assistance to its claimants through 'Advances', which provide financial assistance either while the claimant is waiting for their first UC payment, which is made a minimum of five weeks after a claim is made, or to help with emergency household costs (the latter is known as a 'Budgeting Advance'). These Advances are repaid back through deductions from future UC awards.

According to the UK Government, the introduction of UC was supposed to achieve a number of aims:¹⁴

14. Department for Work and Pensions and The Rt Hon Iain Duncan Smith MP, "Universal Credit: welfare that works", <https://www.gov.uk/government/publications/universal-credit-welfare-that-works> (2010).

- To simplify the benefit system, making it easier for claimants to navigate and for the government to administer.
- To incentivise work and ensure that being in work always pays by removing the costs of transition between unemployment benefits and low-income benefits.
- To ease the transition from welfare to work by making the process of claiming welfare more like receiving a salary.

The introduction of UC has not been smooth. It proved to be a significant challenge for consecutive Conservative Governments. When work on Universal Credit initially begun in 2010, the completion date for the full rollout was October 2017.¹⁵ However, the Department for Work and Pensions (DWP) suffered a range of issues around the design and development of this new benefit system, leading to the programme of designing Universal Credit being fully reset in 2013.¹⁶ There have been further delays since then, the target having now being moved multiple times to the current end of 2024 deadline,¹⁷ or 2028 for ESA claimants.¹⁸

Even with these delays, the migration of legacy benefit claimants to UC, and the enrolment of new claimants to UC, has been ongoing for some time.

First, full rollout of UC in all local authorities in the UK was completed in December 2018, meaning that no new applications for legacy benefits have been accepted in any areas of the UK since January 2019.

Second, any claimant receiving legacy benefits who has had a change of circumstances leading to a change in their entitlement has had to make a new claim for UC once the rollout was complete in their local area, a process which is described as ‘natural migration’.

15. Ibid.

16. Comptroller and Auditor General, “Rolling out Universal Credit”, <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf> (2018), 5.

17. Department for Work and Pensions, “Completing the move to Universal Credit”, <https://www.gov.uk/government/publications/completing-the-move-to-universal-credit> (2022).

18. HM Treasury, “Autumn statement 2022”, [https://www.gov.uk/government/publications/autumn-\(2022\)](https://www.gov.uk/government/publications/autumn-(2022)).

Third, claimants of legacy benefits have been able to manually move themselves to UC by closing their legacy claim, and proactively making an application to UC, a process known as 'voluntary migration'. In some areas, government has been encouraging claimants to do this if they believe they can be better off on UC.

Fourth, government has conducted tests of 'managed migration', where the Department for Work and Pensions transfer a legacy claimant to UC by contacting claimants, supporting them in the process of making a claim for UC, and providing 'transactional protection' if they become financially worse off through the move to UC. The process of managed migration was suspended during the pandemic, but the Government now expects managed migration to be completed by the end of 2024.¹⁹

The introduction of UC in the 2010s was also accompanied by a significant reduction in generosity of low-income working age benefits between 2010 and 2019. While a very large range of changes have been introduced during this time with the aim to reduce expenditure, the major ones in connection to UC have been:

- In 2012, restricting the level of HB and the housing element of UC paid to those living in social housing properties with more bedrooms than they need, known as the 'under-occupation deduction' or the 'Bedroom Tax'.
- In 2012, limiting the annual uprating of all legacy benefits to 1% until 2016, rather than uprating them by the value of Consumer Price Inflation (CPI). This was followed by freezing the nominal value of UC and all legacy benefits in 2016 until 2020, rather than uprating them by any value.
- In 2012, shifting the uprating of Local Housing Allowance (LHA) rates from being based on local rental market rates to being based on CPI. However, LHA rates were also subject to the aforementioned

19. Department for Work and Pensions, "Completing the move to Universal Credit", <https://www.gov.uk/government/publications/completing-the-move-to-universal-credit> (2022).

limits on uprating between 2012 and 2020.

- In 2012, introducing a cap on the total amount of UC and legacy benefits that can be claimed by a household, known as the 'Benefit Cap'. The value of the Benefit Cap was lowered in 2016, and will remain frozen at this level until April 2023.
- In 2016, the introduction of a two-child limit for those claiming CTC or the child element of UC for all children born after April 2017, meaning those benefits cannot be claimed for any child beyond the second one.
- In 2016, the withdrawal of work allowances from most Universal Credit claimants, other than those who have a responsibility for a child or limited capability for work, meaning that the UC award begins to decrease for most claimant for any amount of earnings.
- In 2016, the abolition of the Work-Related Activity Component in ESA, and its equivalent in UC, for new claimants, which gave a higher level of award to those with greater severity of disability or illness.

As a result of these major and other minor changes, the spending on social security in 2019-20 was £39 billion lower than it would have been in the absence of these measures.²⁰ However, despite the significant decreases to generosity, overall spending on working age social security in 2018-19 was at the same level as before 2007-08 as a percentage of national income (4.6% of GDP) due to the higher housing costs leading to higher HB and housing element of UC caseload, higher expenditure on in-work support due to poor earnings growth and higher than expected caseload of disability benefits.²¹

20. Rowena Crawford and Ben Zaranko, "Tax and spending since the crisis: is austerity over?", <https://ifs.org.uk/publications/tax-and-spending-crisis-austerity-over> (2019).

21. *Ibid.*

Box 3.1. Changes to benefit conditionality during 2010s

The introduction of UC in 2013 was accompanied by significant changes in benefit conditionality. In terms of conditionality, which refers to claimants having a set of conditions they need to meet to claim UC, UC expanded the number of people subject to it. In particular, parents of pre-school aged children are now subject to conditions of needing to either be planning for returning to work by meeting with Jobcentre staff, known as ‘work coaches’, or be preparing for work by attending training courses.²² For the first time, conditionality was also expanded to most of those who are in work, but on a low income, if they are not earning the equivalent wage of working full-time and being paid the National Living Wage rate.²³ This is known as in-work conditionality and attempts to increase earnings of those who are working part-time.

The expansion of the conditionality regime was also accompanied by a change to the sanctioning regime in 2012 for both legacy benefits and the new UC system. Sanctioning occurs when a claimant fails to meet the conditionality requirements for their benefit and faces either deductions from, or temporary discontinuation of, their benefit. The changes to the sanctioning regime in 2012 have, overall, lengthened the duration of sanctions for claimants failing to fulfil conditionality and introduced multiple stages of escalation of severity for repeated breaches of conditionality, with the maximum length of sanction being 156 weeks.²⁴ However, the maximum length of sanctions was reduced to 26 weeks in 2019, returning the maximum length to pre-2012 levels while retaining other reforms to sanctioning.

Changes during the pandemic

The social security system was central to the Conservative Government’s support during the pandemic. The pandemic had a significant impact on

22. Laura Dewar and Dalia Ben-Galim, “An impossible bind: requirements to work under Universal Credit”, <https://www.gingerbread.org.uk/wp-content/uploads/2017/10/An-impossible-bind-requirements-to-work-under-Universal-Credit.pdf> (2017), 13.

23. Beth Watts et al., “Welfare sanctions and conditionality in the UK”, <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/Welfare-conditionality-UK-Summary.pdf> (2014), 4.

24. Comptroller and Auditor General, “Benefit sanctions”, <https://www.nao.org.uk/wp-content/uploads/2016/11/Benefit-sanctions.pdf> (2016), 7.

people's incomes due to the economic shutdowns, but this was countered in part by the wide range of government support which was introduced. In particular, the Government introduced a number of changes to Universal Credit and legacy benefits in March 2020, including:

- An increase in the UC standard allowance and the WTC basic element by £20 a week (widely referred to as “UC uplift”). This increase was withdrawn at the end of September 2021.
- An increase in the value of the Local Housing Allowance to match the 30th percentile of local rents, affecting all claimants of the Housing Benefit and the housing element of UC. This increase has been retained in nominal terms, but Local Housing Allowance rates are no longer pegged to the 30th percentile as of April 2021.
- Suspension of the Minimum Income Floor (MIF) for self-employed claimants of UC, allowing self-employed claimants to receive full value of their UC award even if their income from self-employment fell below the value of a full-time, minimum wage position. MIF was restored for the majority of self-employed UC claimants at the end of July 2021.
- Suspension of conditionality and sanctioning regimes for all UC and legacy benefit claimants until Summer 2021.

The withdrawal of the UC uplift in September 2021 was followed by a number of further interventions by the Government to assist those of working age on low incomes due to further waves of the pandemic and the beginning of the cost-of-living crisis that is currently unfolding. The major further interventions included:

- The introduction of the Household Support Fund in October 2021, which is detailed later in this Chapter.
- Reduction of the taper rate of UC from 63% to 55% in October 2021, meaning that UC is withdrawn at a slower rate for each additional £1 of earnings.

- Increasing the work allowances provided to claimants of UC who have responsibility for a child or a limited capability to work.

Contributory benefits

As outlined in Chapter One, the role of contributory benefits in the UK has steadily declined over the last 40 years. A contributory benefit is a benefit which requires the claimant to have made previous monetary contributions or have credits awarded by the government in lieu of contributions to receive it. In 1978-1979, contributory benefits accounted for around 40% of expenditure on benefits for working age adults and children, but this had fallen to 9% by 2019-2020.²⁵

The main contributory unemployment benefits for low-income working age people are the New Style Jobseeker's Allowance (NSJSA) (known as Contribution-based Jobseeker's Allowance before 2018) and the New Style Employment and Support Allowance (NSESAs) (known as Contribution-based Employment and Support Allowance before 2018).

NSESAs are claimed when a person is ill or has a health condition that would limit their ability to work. Both NSJSA and NSESAs can be claimed if you have been working for the last two to three years, and have paid National Insurance contributions. NSJSA and NSESAs are paid at exactly the same rate as the standard allowance of UC: there is no difference in the level of benefit payments received for between NSJSA and Universal Credit, though people who are deemed to have a limited capability for work-related activity and receive NSESAs will receive an additional support component, currently worth 53% of the UC standard allowance.

However, unlike UC, entitlement to NSJSA and NSESAs does not depend on your savings or the income of a potential claimant's partner. In terms of savings, UC awards are reduced in value if the claimant has

25. Andrew Mackley and Roderick McInnes, "Contributory benefits and social insurance in the UK", <https://commonslibrary.parliament.uk/contributory-benefits-and-social-insurance-in-the-uk/> (2020).

more than £6,000 in savings, and are fully withdrawn if the claimant has more than £16,000 in savings. In terms of partner's income, UC awards account for overall household income, while NSJSA and NSESA awards do not. NSJSA and NSESA can also be accessed by foreign nationals who have no recourse to public funds. Overall, this means some people are entitled to NSJSA or NSESA, but not UC.

On the other hand, it is also possible to be entitled to both NSJSA/NSESA and UC. In these cases, the value of the claimant's UC award will be reduced by the same value as the size of their NSJSA or NSESA award. Hence, if a claimant is entitled to elements beyond the standard allowance of UC, such as the housing element, then they will receive money both from NSJSA/NSESA and their UC award.

The length of entitlement to NSJSA is fixed at six months (182 days) for all eligible claimants. For NSESA, the baseline entitlement length is 365 days, unless the claimant receives the additional support component, in which case there is no time limit. To continue receiving NSJSA during these six months, claimants must satisfy the same conditionality regime as jobseekers on UC, known as the intensive work search regime. This requires claimants to commit to search for work, be ready to take up any suitable work and frequently update their work coaches. NSESA claimants have to regularly interact with work coaches and engage in work-related activities if they are not in the support group. If an NSJSA or NSESA claimant has not found a job by the end of their entitlement, their claim for NSJSA or NSESA stops, but they are able to make a claim for UC if their savings and partner's income falls within the UC thresholds.

Though claiming NSJSA and NSESA requires a previous record of paying National Insurance contributions, there is no specific allocation for NSJSA and NSESA, and it is funded through general taxation.

Unlike UC and legacy benefits, contributory benefits for low-income working age people have seen few changes both before and during the pandemic and the changes that were observed mostly mirrored what was happening with JSA and ESA.

Pre-pandemic, the baseline entitlement length of NSESA was restricted to 365 days in 2012, from an unlimited entitlement length before that. Furthermore, the changes to the conditionality and sanctioning regime that occurred in 2012 and 2013 also applied to both NSJSA and NSESA. Similarly, the increases in values of both NSJSA and NSESA were also capped to 1% between 2012-13 and 2015-16, and frozen in nominal terms between 2016-17 and 2019-20.

During the pandemic, no changes were made to either NSJSA or NSESA. In fact, it was notable that while the UC uplift was in place between March 2020 and September 2021, unemployed individuals who claimed NSJSA were worse off than those who claimed UC, as NSJSA claimants were not awarded an equivalent uplift.

Local social security for working age adults

Council Tax Reduction (CTR)

Since 2013, when the Council Tax Benefit (CTB), which was paid to people on low incomes who needed support with paying their Council Tax, was abolished in England, Wales and Scotland, responsibility for providing support with Council Tax for low-income households was given to local authorities in England, and to the Scottish and Welsh Governments. Since then, each English local authority has been responsible for running and administering its own scheme of Council Tax Reduction (CTR).

Eligibility for CTB was determined through one of two mechanisms. First, being entitled to legacy benefits or Pension Credit would automatically qualify the claimant for claimant to receive CTB for the full value of their Council Tax. Second, for those who did not fall into the above groups, CTB was calculated on a basis of a means test that would reduce CTB entitlement by 20p for each £1 of income above the 'assessed needs' threshold.

Exact eligibility, and generosity, for the CTR varies from local authority to local authority in England. English local authorities have

introduced a variety of changes since 2013, with the most common ones being: a minimum Council Tax payment for majority of working age claimants, including those who are unemployed; a cap limiting the value of CTR for properties in higher Council Tax bands; and introducing income bands to calculate different levels of entitlement, rather than the single taper seen in CTB, where it was reduced by 20p for each additional £1 of income. The latter change has introduced increased variance for UC claimants, with claimants with identical UC awards receiving significantly different CTR depending on how the income bands are configured. Only 44 out of the 309 English local authorities did not introduce any of the above changes by 2021-22.²⁶

These changes in English local authorities' schemes, most of which made CTR less generous compared to CTB, have been driven by a reduction in central government funding, with the Coalition Government setting CTR funding to be 90% of forecasted CTB spending in 2013-14.²⁷ While English local authorities are able to contribute funding to local CTR schemes from their increased retention of revenue from Business Rates, in practice this has not happened due to broader budgetary pressures on English local authorities.

Local government finance is a devolved matter. Local authorities in Scotland and Wales have kept their CTR schemes closer to the design of CTB due to the decision by Scottish and Welsh Governments to retain a national CTR scheme, which means that local authorities offer the same reductions, and have same eligibility rules, within each devolved nation. This was done partly by Scottish and Welsh Governments maintaining the previous level of spending for CTB by finding additional funding elsewhere in their budgets.²⁸

However, during the pandemic, the UK government granted

26. Carla Ayrton et al., "Review of Council Tax Reduction schemes in England in 2021/22", https://npi.org.uk/files/7816/2314/2132/Review_of_Council_Tax_Reduction_schemes_in_England_in_2021-22.pdf (2022), 4.

27. Department for Communities and Local Government, "Localising support for council tax: update on funding arrangements", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15327/20121126_Update_on_funding_arrangements_VERSION_TO_NT.pdf (2012), 6.

28. Institute for Fiscal Studies, "The impacts of localised council tax support schemes", https://ifs.org.uk/sites/default/files/output_url_files/R153.pdf (2019), 10.

English, Welsh and Scottish local authorities an additional £500 million Hardship Fund for the 2020-21 financial year and a further £670 million in 2021-22 to be spent primarily on increasing support provided through CTR. English local authorities were directed to provide an additional reduction of £150 for all working age recipients of CTR and were permitted to provide further discretionary support with leftover funding.

Discretionary Housing Payments (DHP)

Discretionary Housing Payments (DHP) is a benefit through which local authorities in the UK can provide additional ad-hoc assistance with the cost of housing for those who are already receiving support for housing costs, such as HB or the housing element of UC.

DHPs are primarily used to cover the shortfall between benefit payments and actual rent and can be provided both as a one-off payment or on a regular basis. Examples of circumstances under which DHP can assist include: a shortfall in rent, paying a rent deposit and paying rent in advance when moving dwellings.

Administration of DHPs has always been a devolved matter for Northern Ireland, and has been a devolved matter for Scotland since 2017, as part of the broader devolution package within the Scotland Act 2016.²⁹

The exact eligibility for DHP varies across local authorities, including whether a claimant is eligible for a one-off payment or for regular payments. In most local authorities, claimants need to submit a detailed account of their income, expenditure and debts to provide a comprehensive overview of their financial situation to determine whether they match the local authorities' benchmark for requiring additional assistance. There is evidence that the significant degree of discretion for DHP eligibility among local authorities has also led to

29. HM Government, "Scotland Act 2016", <https://www.legislation.gov.uk/ukpga/2016/11/contents/enacted> (2016).

significant divergence in the financial circumstances for which DHP is given.³⁰

Central government funding for DHP increased most significantly between 2010-11 and 2013-14 (from £30 million to £180 million) to alleviate the impacts of broader welfare reforms implemented by the Coalition Government. Specific additional funding was allocated to help households with the de-linking of Local Housing Allowance uprating from local rental price increases, the introduction of the ‘under-occupation deduction’ and the introduction of the Benefit Cap,³¹ all of which were described earlier. However, between 2013-14 and 2019-20, central government funding for DHP in England and Wales has declined overall.³² During the pandemic, DHP did not see any changes in funding or entitlement.

In Scotland, the funding and award context for DHP has been different due to the Scottish Government’s commitment to limit the impact of the ‘under-occupation deduction’ in 2013-14, leading to higher levels of funding,³³ and the full devolution of DHP administration since 2017-18. However, local authorities in Scotland have retained significant discretion over how to allocate DHP awards, though the Scottish Government is considering implementing stronger statutory requirements on how DHP awards are given out in the future.³⁴

30. House of Commons Work and Pensions Committee, “Support for housing costs in the reformed welfare system: Fourth Report of Session 2013–14”, <https://publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/720.pdf> (2014); House of Commons Work and Pensions Committee, “The benefit cap: Twenty-Fourth Report of Session 2017–19” <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1477/1477.pdf> (2019).

31. Steve Webb, *Daily Hansard*, 15 Jan 2014, <http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm140115/text/140115w0002.htm#140115101000079>.

32. Department for Work and Pensions, “Use of Discretionary Housing Payments, England and Wales – Analysis of Returns from Local Authorities: April 2019 – September 2019”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/852722/use-of-discretionary-housing-payments-statistics-background-information-and-methodology.pdf (2019), 4.

33. House of Commons Scottish Affairs Committee, “The impact of the Bedroom Tax in Scotland: Interim Report Fourth Report of Session 2013–14”, <https://publications.parliament.uk/pa/cm201314/cmselect/cmsscota/288/288.pdf> (2014), 18.

34. Shirley-Anne Somerville and Kevin Stewart, “A letter to Bob Doris MSP”, https://www.parliament.scot/S5_Social_Security/Inquiries/20190808_CabSecSOP_MinisterLGPB_to_Convener_response_SSSHreport.pdf (2019), 2.

Local crisis welfare provision

Changes before the pandemic

Before April 2013, emergency financial assistance was administered by central government and provided through the national Discretionary Social Fund. This was composed of three distinct elements:

- a) **Budgeting Loans (BL).** Interest-free cash loans to help with one-off large costs, such as furniture, white goods and moving costs.
- b) **Crisis Loans (CL).** Interest-free cash loans which were provided to help those who could not meet their immediate short-term needs in cases where there was an immediate risk to their health or safety. Crisis Loans were also given to those who were waiting for the first payment of one of their legacy benefits, known as 'Alignment Payments'.
- c) **Community Care Grants (CCG).** Non-repayable cash grants provided to those who were in institutional care, or to help with financial pressures for a family.

After April 2013, Crisis Loans and Community Care Grants were abolished, with the funding transferred to local authorities to establish Local Welfare Assistance (LWA) schemes in England, or to devolved administrations of Wales and Scotland. Alignment Payments and Budgeting Loans, however, were kept under national provision and became known as Advance Payments and Budgeting Advances when received by UC claimants. They will be fully integrated into UC once the rollout is complete.

Eligibility for LWA differs significantly across local authorities in England, with some not having any provision of LWA. In 2019-20, 23 out of 151 upper-tier English local authorities³⁵ did not operate an LWA scheme, as there are no mandatory requirements on local authorities

³⁵. This includes all single-tier authorities, and county-level authorities in two-tier authorities.

to run them.³⁶ However, there is significant evidence in a reduction of eligibility for LWA relative to the emergency financial assistance provided through its predecessor, the Discretionary Social Fund. In 2012-13, 737,430 CL (excluding Alignment Payments) and CCG awards were awarded through the Discretionary Social Fund in England.³⁷ Meanwhile, in 2019-20, only 183,693 LWA awards were given out by 117 upper-tier local authorities in England.³⁸

The changes in funding have been a significant factor in this decline. Overall, funding for LWA provision and its preceding equivalents has declined by 55% in real terms between 2010-11 and 2019-20.³⁹ Furthermore, from 2015-16, the funding from central government for LWA was folded into the local authorities' general Revenue Support Grant, which is the main method through which central government funds local authorities, with the councils having no requirement to spend the funding on LWA.⁴⁰ This means that this funding is not ringfenced for spending on LWA schemes.

Local government finance is a devolved matter and both Welsh and Scottish governments have chosen to retain a centrally funded system of local welfare crisis support which is closer to the design of the Discretionary Social Fund. Wales has a system of Emergency and Individual Assistance Payments whose eligibility is standardised across all Welsh local authorities. Scotland has retained CCGs and CLs wholesale through the Scottish Welfare Fund. Spending on local crisis support per capita is much higher compared to England (£0.73), with

36. The Children's Society, "Leave No Family Behind: Strengthening Local Welfare Assistance during Covid-19", <https://www.childrenssociety.org.uk/sites/default/files/2020-10/leave-no-family-behind.pdf> (2021), 12.

37. Department for Work and Pensions, "Discretionary Social Fund Data 2012-13 by Local Authority", <https://www.gov.uk/government/publications/annual-report-by-the-secretary-of-state-for-work-and-pensions-on-the-social-fund-2012-to-2013> (2013).

38. The Children's Society, "Leave No Family Behind: Strengthening Local Welfare Assistance during Covid-19", <https://www.childrenssociety.org.uk/sites/default/files/2020-10/leave-no-family-behind.pdf> (2021); 11 councils which have a LWA scheme did not report on the number of awards given, so this number will be an underestimate of total awards in England.

39. *Ibid.*, 8.

40. Comptroller and Auditor General, "Local welfare provision", <https://www.nao.org.uk/wp-content/uploads/2016/01/Local-welfare-provision.pdf> (2016), 5.

Wales spending £3.37 and Scotland spending £6.49.⁴¹

Changes during the pandemic

Central and local governments increased spending on local crisis welfare provision throughout the pandemic. The aforementioned Hardship Fund, which was discussed earlier in this chapter, while primarily focused on helping with provision of CTR, was also able to be spent on discretionary welfare support. There were also three focused cash injections for LWA in England:

- **Emergency Assistance Grant for Food and Essential Supplies.** Administered by Department for Environment, Food and Rural Affairs and provided £63 million in summer 2020.⁴²
- **COVID Winter Support Grant Scheme.** Administered by DWP and provided £229 million between December 2020 and April 2021.⁴³
- **COVID Local Support Grant.** Administered by DWP and provided £200 million between April and September 2021.⁴⁴

The evidence available suggests that the majority of local authorities used these funds to provide holiday support for families with children who are eligible for FSM, though others put more emphasis on expanding the size of their awards or eligibility for LWA schemes.⁴⁵ The Government also provided large amounts of non-ringfenced funding, which local authorities were able to spend as they deemed fit: including

41. The Children's Society, "Leave No Family Behind: Strengthening Local Welfare Assistance during Covid-19", <https://www.childrenssociety.org.uk/sites/default/files/2020-10/leave-no-family-behind.pdf> (2021), 5.

42. Department for Environment, Food and Rural Affairs, "Coronavirus (COVID-19): Local authority Emergency Assistance Grant for Food and Essential Supplies", <https://www.gov.uk/government/publications/coronavirus-covid-19-local-authority-emergency-assistance-grant-for-food-and-essential-supplies/coronavirus-covid-19-local-authority-emergency-assistance-grant-for-food-and-essential-supplies> (2021).

43. Department for Work and Pensions, "COVID Winter Grant Scheme guidance for local councils: 1 December 2020 to 16 April 2021", <https://www.gov.uk/government/publications/covid-winter-grant-scheme/covid-winter-grant-scheme-guidance-for-local-councils> (2021).

44. Department for Work and Pensions, "COVID Local Support Grant Extension 21 June to 30 September 2021 guidance", <https://www.gov.uk/government/publications/covid-local-support-grant-extension-21-june-to-30-september-2021-guidance> (2021).

45. The Trussell Trust et al., "Local lifelines – the case for reinvigorating local welfare assistance beyond COVID-19", https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/02/Local_Lifelines_beyond_COVID19_Joint_briefing_final_240221.pdf (2021), 3.

£4.55 billion in 2020-21,⁴⁶ and a further £1.55 billion in April 2021,⁴⁷ but there is no direct evidence that this money was spent on LWA schemes.

Changes after the pandemic

To complement the existing local crisis welfare provision, the Household Support Fund (HSF) was introduced in October 2021 to allow local authorities to provide ad-hoc support to low-income households with the escalating cost of living. In England, HSF requires local authorities to spend one-third of their funding allocation on vulnerable households with children and one-third on pensioners, while the final third can be spent in a discretionary manner on any vulnerable households.

The HSF can be spent by local authorities on support with: energy bills, water bills, essentials linked to energy and water, food, housing costs (where existing housing support schemes are insufficient) and wider essential costs such as repairing a car, clothing or broadband bills.⁴⁸ Hence, eligibility for HSF varies significantly across local authorities in England.

Initially worth £500 million and intended to be available until April 2022, HSF has now been extended twice, in March 2022 and May 2022, and will run until April 2023, providing £1.5 billion of support in total over 18 months.⁴⁹ The structure of funding has had a significant operational impact: the first tranche provided in October 2021 was seen as a one-off injection of cash that needed to be rapidly distributed, so local authorities did not develop their schemes for longer-term implementation, with many local authorities currently deciding how to disburse future funding tranches.⁵⁰

46. Comptroller and Auditor General, "Local government finance in the pandemic", <https://www.nao.org.uk/wp-content/uploads/2020/08/Local-government-finance-in-the-pandemic.pdf> (2021), 8.

47. Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities and Local Government, "February 2021: COVID-19 funding for local government in 2021 to 2022 policy paper", <https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government/covid-19-funding-for-local-government-in-2021-to-2022-policy-paper> (2022).

48. *Ibid.*

49. The Rt Hon Rishi Sunak MP, *Statement by the Chancellor of the Exchequer on Cost of Living Support*, 26 May 2022, <https://www.gov.uk/government/speeches/cost-of-living-support>.

50. *Ibid.*

Other benefits and grants

Sure Start Maternity Grant

The Sure Start Maternity Grant (SSMG) is a one-off payment provided as a grant to low-income parents to assist with the initial costs of having a child in England, Wales and Northern Ireland. SSMG's current value is £500, and is provided only for the first child in a household, or where there is a multiple birth, such as twins. SSMG must be claimed within the six months of the child's birth, or within the first year of the child's life if the child is adopted.

Parents in receipt of UC and legacy benefits are eligible to claim SSMG, but must receive advice about the health and welfare of their new baby from a health professional, such as a doctor or a midwife before submitting a claim for SSMG. Eligibility for SSMG was significantly restricted in 2011-12 by limiting it only to the first child that a low-income family has, as part of broader welfare reforms of the Conservative-led Coalition Government.⁵¹ Before 2011-12, it was possible to receive SSMG for each new child in a household. The value of SSMG, at £500, has not been changed since 2002-03.

Funding for SSMG is not restricted to a specific sum each year, and spending on SSMG is instead determined by the amount of eligible and successful applications. The changes in eligibility in 2011-12 did lead to a significant decrease in expenditure: in 2010-11, government spent £130.1 million on SSMG awards,⁵² but this declined to £39 million in 2012-13, the first full fiscal year under new eligibility rules.⁵³

No changes were made to SSMG during the pandemic.

As part of the devolution of social security powers to Scotland in 2017,

51. Steven Kennedy, "Restriction of the Sure Start Maternity Grant", <https://researchbriefings.files.parliament.uk/documents/SN05860/SN05860.pdf> (2011), 3.

52. Department for Work and Pensions, "Annual report by the Secretary of State for Work and Pensions on the Social Fund 2010/2011", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/214336/2011-annual-report-social-fund.pdf (2011).

53. Department for Work and Pensions, "Annual report by the Secretary of State for Work and Pensions on the Social Fund 2012/2013", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/209380/SFWPA_2012-13.pdf (2011).

SSMG has been replaced with the Pregnancy and Baby Payment (BSG – PBP) as part of the expanded Best Start Grant programme for low-income parents, which provides a higher level of payment for the first child (£642.35), an additional payment for additional children (£321.20) from December 2018,⁵⁴ and has slightly relaxed application process as the claimant does not need to provide a supporting statement from a healthcare professional.

Healthy Start Vouchers

The Healthy Start Vouchers is a scheme which provides a food voucher to low-income expecting women after the 10th week of their pregnancy and low-income parents of children under the age of four. The current weekly value of vouchers given is £4.25 for pregnant women and those with children between the age of one to four, and £8.50 for those with children between the age of zero and one. The food voucher, currently given in the form of a plastic card, can be used to buy cow's milk, infant formula milk, fruits, vegetables and pulses in most major supermarkets.

Families in receipt of UC, and individuals in receipt of legacy benefits, are able to receive the Healthy Start Vouchers if they have children under the age of four. If they are in employment, then the household income must fall below a certain threshold: for CTC claimants, this must be below £16,190 annually, while for UC claimants in employment, this must be below £408 monthly.

Healthy Start Vouchers did not see any changes to the scheme between 2010-11 and 2019-20. However, Healthy Start Vouchers have seen several changes since the start of the pandemic. First, in terms of eligibility. Until April 2020, all applications for Healthy Start Vouchers required a sign-off from a healthcare professional, but this requirement was removed at the beginning of the pandemic and is not planned to be

54. Anvar Sarygulov and Phoebe Arslanagic-Wakefield, "Separate support? Attitudes to social security in Scotland", <http://brightblue.org.uk/wp-content/uploads/2020/04/Separate-Support-Final-2.pdf> (2020), 18.

reintroduced.⁵⁵ A further change in eligibility since June 2021 has been accepting low-income parents who have No Recourse to Public Funds, meaning that they are subject to immigration control as they are not permanent residents, who also fall below the monthly £408 household income threshold, but this is intended to be temporary.⁵⁶

Second, the current value stated above was introduced in April 2021, when it rose from £3.10 for pregnant women and those with children between the age of one to four, and £6.20 for those with children between the age of zero and one.⁵⁷

Third, in terms of administration. Since Spring 2022, paper vouchers, which used to be the main method of distributing Healthy Start Vouchers, have been fully replaced with a plastic prepaid card.

As part of the devolution of social security powers to Scotland in 2017, the Healthy Start Vouchers scheme there has been replaced by the Best Start Foods payment from September 2019. Best Start Foods has a slightly higher value (weekly value of vouchers given is £4.50 for pregnant women and those with children between the age of one to three and £9.00 for those with children between the age of zero and one) and application for Best Start Foods is integrated with application for other Best Start Grant payments, such as BSG – PBP, which is mentioned earlier.

Free school meals

Free school meals (FSM) are provided to children of low-income parents in schools during school term time, meaning that the children do not have to pay for their school lunches. It applies to children aged seven to 16, while all children aged below seven are entitled to free lunches.

In terms of eligibility, in England, school children of parents who

55. HM Government, "The Healthy Start Scheme and Welfare Food (Miscellaneous Amendments) Regulations 2020", <https://www.legislation.gov.uk/uksi/2020/267/contents/made> (2020).

56. NHS, "Healthy start: health professionals guide", https://elht.nhs.uk/application/files/3416/5271/8393/HS_LAs_Health_Professionals_Guide_1.pdf (2021).

57. Department for Work and Pensions, "New winter package to provide further support for children and families", <https://www.gov.uk/government/news/new-winter-package-to-provide-further-support-for-children-and-families> (2020).

receive UC (and have an annual household income below £7,400), Income Support, Jobseeker's Allowance, Employment and Support Allowance and Child Tax Credit (and have an annual gross income below £16,190) are all eligible for FSM.

Entitlement to FSM has shifted in a number of ways between 2010-11 and 2019-20 in England. First, eligibility for FSM was extended beyond children of low-income parents to all children in infant school (Reception, Year One and Year Two) from 2014. Second, before April 2018, all parents who received UC were eligible for FSM, regardless of their household income. However, since April 2018, all new UC claimants who have an annual household income above £7,400 are not eligible for FSM.

Funding for FSM has not been ring fenced since 2011-12, meaning funding for FSM comes as part of the Dedicated Schools Grant, which is the main source of funding from Department for Education to maintained schools. This makes it not possible to directly track changes in funding for FSM, though the government FSM guidance for England assumes that the cost of daily provision of a single FSM for a single pupil is £2.30.⁵⁸

During the pandemic, when schools were often closed, provision of FSMs changed in a number of ways. First, there was an extension in eligibility for FSMs since October 2021 to include parents who have No Recourse to Public Funds who also fall below specific annual monthly thresholds, depending on the number of children in the family and whether they reside in or outside of London.⁵⁹

Second, during school closures, FSMs were provided in England to eligible families through a centralised electronic food voucher scheme, worth £15 per child per week. By August 2020, 94% of English schools

58. Department for Education, "Free school meals Guidance for local authorities, maintained schools, academies and free schools", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700139/Free_school_meals_guidance_Apr18.pdf (2018).

59. Department for Education, "Providing free school meals to families with no recourse to public funds (NRPF)", <https://www.gov.uk/government/publications/free-school-meals-guidance-for-schools-and-local-authorities/providing-free-school-meals-to-families-with-no-recourse-to-public-funds-nrpf> (2022).

were enrolled in this scheme, with vouchers being accepted by ten supermarket chains, with the rest of schools providing vouchers through their own local scheme.⁶⁰ Furthermore, FSM vouchers were provided during both the Easter and Summer holiday periods in 2020.

There are some differences to entitlement in other nations in the UK. Most notably, both Scotland and Wales have now committed to extend provision of universal provision of FSM beyond the equivalent of Year Two. In Scotland, universal FSMs will be extended to the equivalent of Year Four from August 2022, with promise by the current SNP Government to extend it to the equivalent of Year Six by September 2024.⁶¹ Meanwhile, Wales has only begun providing FSMs to children in Reception from September 2022, but intends to expand it to all children in Year Six and below by September 2024.⁶²

Funeral Expenses Payment

Funeral Expenses Payment (FEP) is a one-off payment provided as a grant to a low-income person who is responsible for arranging a funeral of another member of the household, a relative or a friend. The Funeral Expenses Payment covers the core costs of a funeral, such as burial fees or cremation fees, transportation of the body and death certificates, and can award up to a further £1,000 for any other funeral expenses. Application for FEP be made within six months of the funeral and the award is only paid for costs in arrears.

To be eligible to claim for FEP, the claimant must be a recipient of UC or legacy benefits. The deceased must also either be the partner of the claimant, their child under the age of 16 (or under 20 if the child was in education or training), a stillborn child of the claimant after 24 weeks of pregnancy or a close relative or friend. They must

60. Comptroller and Auditor General, "Investigation into the free school meals voucher scheme", <https://www.nao.org.uk/wp-content/uploads/2020/12/Investigation-into-the-free-school-meals-voucher-scheme-Summary.pdf> (2020).

61. Cabinet Secretary for Finance and the Economy, "Scottish Budget 2022 to 2023: Chapter 7 Education & Skills Portfolio", <https://www.gov.scot/publications/scottish-budget-2022-23/pages/8/> (2021).

62. Welsh Government, "Universal Free School Meals Roll-out to Commence in September", <https://gov.wales/universal-free-school-meals-roll-out-commence-september> (2022).

also establish that there is no other close relative or who is in work, or not claiming low-income benefits, who might be able to assist with the costs of a funeral.

The only major change to FEP since 2010-11 has been the increase of the maximum award for any funeral expenses beyond costs from £700 to £1,000 in April 2020.

Funding for FEP is not restricted to a specific sum each year and spending on FEP is instead determined by the amount of eligible and successful applications.

As part of the devolution of social security powers to Scotland in 2017, the FEP has been replaced by the Funeral Support Payment from September 2019, though both the process of claiming and the average level of award have remained very close to the FEP.⁶³

Warm Home Discount

The Warm Home Discount (WHD) is a scheme which provides rebate on energy bills to specific groups of low-income people. It is administered by energy companies, and funded through levies placed on all energy bills. The value of WHD rebate was £140 between 2014-15 and 2021-22 and has been increased to £150 in 202-23.

In terms of eligibility, there are two groups eligible for WHD. WHD is offered to all pensioners who are in receipt of the guarantee element of Pension Credit, which is known as the Core Group, but this is beyond the scope of this report as we are focused on social security for working age adults. Before Autumn 2022, for working age adults on low incomes (known as the Broader Group), the qualification requirement was complex, but usually required them to be claiming UC or a legacy benefit and meet an income threshold (which varied depending on the benefit which was received), be responsible for a child under the age of five, or receive a disability component or a premium. Energy companies

63. Anvar Sarygulov and Phoebe Arslanagic-Wakefield, "Separate support? Attitudes to social security in Scotland", <http://brightblue.org.uk/wp-content/uploads/2020/04/Separate-Support-Final-2.pdf> (2020), 19.

also have some additional discretion about extending eligibility beyond these groups.

Box 3.2. Cold Weather Payments

Additional support with heating costs for some low-income working age adults is available through Cold Weather Payments, which provides a £25 payment for each seven-day period of temperatures being below zero degrees Celsius between 1st November and 31st March. The rules of eligibility for working age adults are the same as those for WHD before Autumn 2022, limiting it to members of the Broader Group.

In terms of changes since 2010-11, it should be noted that the WHD scheme was implemented in 2011-12, replacing the previous ad-hoc voluntary agreements with different energy providers to provide targeted assistance with energy bills for low-income households. The value of the rebate also increased from £120 in 2011-12, to £140 in 2014-15. Eligibility rules have remained similar since the scheme's implementation, until Autumn 2022.

However, currently the WHD is undergoing significant reform starting from Autumn 2022. This includes not only an increase of the award to £150, but also an increase in funding to allow an additional 750,000 households to benefit.⁶⁴ A further major component of these reforms is the introduction of automatic data matching, which will automatically determine eligibility of low-income working age households by examining DWP and Valuation Office Agency databases to establish those who are facing a high energy cost by examining both benefit entitlement and characteristics of the property they inhabit.⁶⁵

64. Department for Business, Energy and Industrial Strategy, "Warm Home Discount: The Government Response to the Warm Home Discount: Better targeted support from 2022 consultation", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065684/Warm_Home_Discount_Better_targeted_support_from_2022_Government_response.pdf (2022).

65. Ofgem, "Draft Warm Home Discount Supplier Guidance (version 8) – England and Wales", <https://www.ofgem.gov.uk/publications/draft-warm-home-discount-supplier-guidance-version-8-england-and-wales> (2022), 28.

An additional process for making claims manually will exist for those on low-incomes who are not deemed eligible by the data matching process, but believe they qualify due to their need. The reform to eligibility is currently only limited to England and Wales.

Conclusion

This chapter has mapped in detail the broad and complex web of benefits and grants that are available to low-income working age households through the UK social security system both before and during the pandemic. In particular, it draws attention to the significant changes that have occurred due to the introduction of UC, and withdrawal of legacy benefits, and the contrasting stagnancy in provision of contributory benefits.

Having established the contours of the social security system for low-income working age households, we now explore the evidence around the actual and perceived adequacy of the social security system for working age adults both before and during the pandemic.

Chapter Four: **Adequacy of the social security system**

Chapter Three identified the different components of the UK's social security system for low-income working age people and how this has changes prior to and during the pandemic. This chapter will now examine the perceived and actual adequacy of the UK's social security system for working age adults, both before and during the pandemic.

By adequacy, we broadly mean the extent to which the social security system is able to support households with the costs of living. We focus on it as it is one of the core functions of a social security, which is to provide claimants with a sufficient level of financial support, depending on their circumstances.

The importance of adequacy

We first decided to test how important the UK public thought adequacy was for the social security system for working age adults. Through polling, we asked the UK public whether they supported the idea that the social security system needs to meet a minimum level of adequacy. We did this by testing two different statements: “Benefit payments should be sufficiently high to allow people to pay for their costs of living, such as housing payments, buying essential food and heating their homes” (which will be referred to from this point on as ‘meeting the cost of living’) and “It is the Government’s responsibility to ensure that all people have financial support to meet their basic needs” (which will subsequently be referred to as ‘meeting basic needs’).

As shown in Chart 4.1, there is overwhelming support for both statements on adequacy.

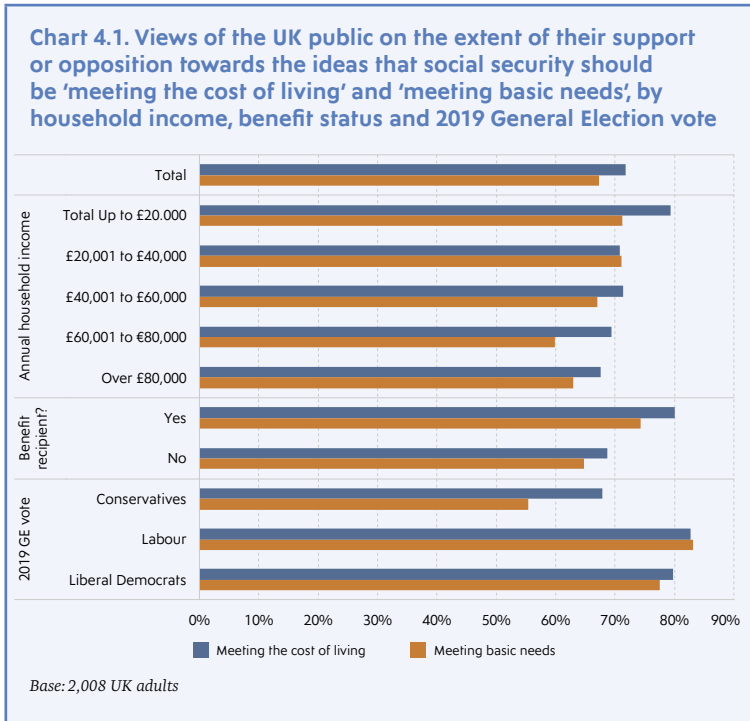


Chart 4.1 above illustrates that there is substantial majority support for the idea that social security should be 'meeting the cost of living' (72%) and that it should be 'meeting basic needs' (67%). We also find that strong majority support for both statements exist across all household income groups: 79% of those in a household with income below £20,000 and 68% of those in a household with income above £80,000 agreed that social security should be meeting the cost of living, and 71% of those in a household with income below £20,000 and 63% of those in a household with income above £80,000 agreed

that social security should be meeting basic needs, and for both benefit (80% and 74% respectively) and non-benefit claimants (69% and 65% respectively).

There is some variation among different voter groups. Conservative voters are the least likely voter group to support the statement that social security should be ‘meeting the cost of living’ (68%), though a significant majority still do. In comparison, Labour voters (83% support) and Liberal Democrat voters (80% support) support the statement. Similarly, while 55% of Conservative voters support the statement that social security should be meeting basic needs, this rises to 83% of Labour voters and 78% of Liberal Democrat voters who do.

Overall, this echoes the secondary evidence from before the pandemic, where 72% of the UK public agreed that everyone has the right to a minimum standard of living, which should be paid through the welfare state if needed.⁶⁶

We wanted to delve deeper into whether the public and claimants felt that the primary aim of the social security system should be providing people with an adequate income to live. So, using our qualitative evidence, we tested whether people would be more willing to support a vision of for social security system of adequacy or minimalism; or, in other words, a system which is a permanent safety net or a temporary springboard. Therefore, we asked participants of our qualitative work to choose between two options: “the social security system should be used to make sure everyone reaches a decent standard of living no matter their circumstances” (option A) and “the social security system should focus on providing temporary help to encourage people to get back on their feet” (option B).

While many participants reported feeling divided and seeing the merits in both options, the majority of participants in the Conservative voter focus group selected Option B and the majority of participants in both the Labour voter focus group selected A. The Experience-of-

66. ComRes, “BBC Radio 4 Social Welfare Poll”, https://2sjjwunnq141ia7ki31qqub1-wpengine.netdna-ssl.com/wp-content/themes/comres/poll/BBC_Welfare_Poll_November2012.pdf (2012).

Universal-Credit focus group were divided between the two.

Though most supported Option B, participants in the Conservative voter focus group were still very likely to express support for both options.

“I feel the purpose of [the social security system] is to make sure everyone has a certain standard of living... but...it’s so hard to pick between the two because part of the [social security system] to make is to get people back on their feet...”

Participant 3, Conservative voter group

A participant in the Conservative voter focus group, who supported Option B, expressed concern that if the social security system was used to guarantee a decent standard of living, it might cause “resentment” among those not claiming benefits but contributing into the system by “working really hard”.

Participants in the Labour voter focus group were most likely to support Option A, expressing strong support for a social security system that is used to make sure everyone reaches a decent standard of living.

“Nobody should be going without. Nobody should be going without food. Nobody should be going without food. Not in this day and age.”

Participant 3, Labour voter group

However, there was still disagreement in the Labour voter focus group. A participant made the case for Option B:

“My argument would be why are you having six kids if you can't afford six kids...I don't mean to be horrible, but I think you should live within your needs...”

Participant 1, Labour voter group

Echoing points made in the Conservative voter focus group also, there was discussion in the Labour voter focus group over whether it was fair that someone might work hard to earn what someone else can simply claim in benefits. However, this was countered by a participant who raised in-work poverty as a disincentive to work:

“There's an issue when people are working and they're on that bread line...the Government shouldn't allow that to happen because...people are just going to give up work.”

Participant 2, Labour voter group

Participants in the Experience-of-Universal-Credit focus group were divided between Options A and B, with participants clearly seeing the merits of each option.

As in other focus groups, support for Option A in the Experience-of-Universal-Credit focus group centred around the belief that everyone has a right to a certain standard of living:

“...no matter of circumstance, no matter of race, no matter of anything, everyone has the right to live a [decent] standard of living.”

Participant 7, Experience-of-Universal-Credit group

Nonetheless, in the Conservative voter and Labour voter focus groups, Experience-of-Universal-Credit focus group participants expressed concern that a social security system designed around Option A could disincentivise work:

“I think the helping hand is more important because you will do more. If you're going to get [benefits] for good, there will be more people [not working]. If [those who are not working are] getting the same as everyone else, why bother going to work?”

Participant 4, Experience-of-Universal-Credit group

This sentiment tied into nuanced concerns that Option A might lead to a social security system that is easily exploited:

“I agree with the fact that everyone deserves a decent standard of living... part of me agrees with Option A... the reason I go with Option B is because... someone shouldn't milk the system and be on benefits all their life unless they've got an illness or mitigating circumstances...”

Participant 5, Experience-of-Universal-Credit group

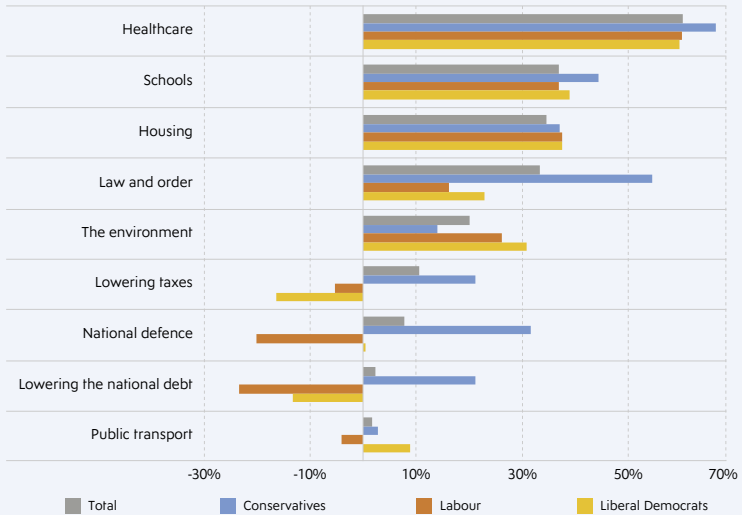
Therefore, overall, adequacy seems to be perceived as a primary goal of the social security system, but balanced with other aims such as incentivising work. Broadly, this echoes the limited findings from other polling evidence. In particular, polling conducted by YouGov in 2021 found a majority (50%) being concerned that the welfare system does not do enough to make people find work, while also finding plurality support (37%) for the idea that benefit payments for people who are unemployed are too low.⁶⁷

67. James Heywood and Jonathan Dupont, “Fair Welfare”, <https://cps.org.uk/wp-content/uploads/2021/09/210918224828-CPSWELFAREPAPER1.pdf> (2021), 85.

Box 4.1. Relative importance of social security spending

We asked our respondents to consider benefit payments to working aged people and whether they are less or more important than other government spending priorities. This is shown in Chart 4.2 below.

Chart 4.2. Views of the UK public on whether benefit payments for working age people are more or less important in terms of government spending priorities, by 2019 General Election vote



Base: 2,008 UK adults

As can be seen in Chart 4.2 above, we find that the UK public judge benefit payments for working age people to be less important than all other government spending priorities we asked them about. The gap between those who say that healthcare is more important in comparison with benefit payments for working age people and those who say it is less important was the most significant, at 60 percentage points. Smaller, but nevertheless significant, gaps emerge in favour of schools (37 percentage points), housing (35 percentage points), law and order (33 percentage points), and the environment (20 percentage points). Smaller gaps are observed for lowering taxes (11 percentage points) and national defence (eight percentage points).

We do not find any notable variation in views on whether benefit payments are less or more important than other government spending priorities by either household income, or benefit status, indicating that neither being on low income nor claiming benefits leads to people prioritising social security spending for working age people.

Some variation by voting group emerges, particularly along what is perceived to be traditional Conservative Party spending priorities: law and order, national defence and lowering the national debt. Conservative voters (54 percentage points) are more likely than Labour voters (17 percentage points) and Liberal Democrat voters (22 percentage points) to say that law and order is a more important government spending priority than benefit payments for working age people.

For national defence, Conservative voters (31 percentage points) are also much more likely to say that it is a more important government spending priority than benefit payments for working age people, compared to Labour voters (-21 percentage points) and Liberal Democrat voters (1 percentage point).

Finally, for the national debt, Conservative voters (21 percentage points) are also more likely than Labour voters (-24 percentage points) and Liberal Democrat voters (-13 percentage points) to say that it is a more important government spending priority than benefit payments for working age people.

Public perception of adequacy of social security for working age adults before the pandemic

Before we explore the issue of adequacy of social security during the pandemic further, it is worth considering how views on this issue have evolved. There is significant evidence of a significant shift in public attitudes towards social security benefits and their recipients between 2010 and 2019.

NatCen asks a series of questions on social security annually through the British Social Attitudes Survey (BSAS), helping to track the evolution of public views on social security for working age adults over time. In fact, there are very few other sources which have systematically tracked

a wide range of views on social security like the BSAS, meaning that the vast majority of longitudinal public opinion analysis on social security has been conducted using BSAS.

Attitudes to social security recipients tended to harden in the 2000s, with NatCen stating that support for welfare spending was at a “historical low” in 2011.⁶⁸ Analysis conducted by Demos in 2013 similarly concludes that between the early 1990s and mid 2000s “the UK population as a whole became significantly less supportive of extra spending [on the welfare system]”.⁶⁹ Similarly, research by University of Bristol using the BSAS dataset finds that there was a distinct shift in attitudes at the start of the twenty-first century, with the public becoming increasingly sceptical of social security spending, and those who benefit from it.⁷⁰ Furthermore, this shift occurred across almost all socio-demographic and political groups,⁷¹ with the public increasingly likely to see benefits as more than adequate, or even overtly generous, during this time.

Data gathered outside of BSAS in the late 2000s and early 2010s points to similar evidence about high public scepticism towards social security. In 2012, Ipsos MORI concluded that “support for the welfare state is fragmenting”⁷² and that there is a broad sense that “welfare benefits are too generous”.⁷³ In 2013, the European Social Survey found that the UK public was the fifth out of 27 nations in terms of expressing highest level of public concern about the strain of social benefits on the economy, and the fifth out of 27 nations to be expressing least support for government intervention through the welfare system.⁷⁴ Meanwhile,

68. Elizabeth Clery, Lucy Lee and Sarah Kunz, “Public attitudes to poverty and welfare, 1983-2011: Analysis using British Social Attitudes data”, <https://natcen.ac.uk/media/137637/poverty-and-welfare.pdf> (2013), 2.

69. Bobby Duffy et al., “Generation strains: a Demos and Ipsos MORI report on changing attitudes to welfare”, https://www.demos.co.uk/files/Demos_Ipsos_Generation_Strains_web.pdf (2013), 26.

70. Christopher Deeming, “Foundations of the Workfare State – Reflections on the Political Transformation of the Welfare State in Britain”, *Social Policy and Administration* (2015).

71. Christopher Deeming and Ron Johnston, “Coming together in a rightward direction: post-1980s changing attitudes to the British welfare state”, *Quality & Quantity* (2018).

72. Suzanne Hall, “21st century welfare: Seventy Years Since the Beveridge Report” <https://www.ipsos.com/sites/default/files/publication/1970-01/sri-21st-century-welfare-dec2012.pdf> (2012), 8.

73. Ben Marshall, “Welfare: the cap seems to fit” <https://www.publicfinance.co.uk/opinion/2013/07/welfare-cap-seems-fit> (2013).

74. European Social Survey, “Exploring public attitudes, informing public policy Selected findings from the first five rounds”, https://www.europeansocialsurvey.org/docs/findings/ESS1_5_select_findings.pdf (2013).

IPPR's research found that in 2013, 49% of the UK public believed that those who become unemployed do not receive sufficient protection, while 51% believe that they do.⁷⁵

But in the run up to the pandemic, public attitudes were shifting. We can examine the development of public attitudes between 2010 and 2019 on adequacy of social security for working age adults using BSAS data directly, as shown in Table 4.3 below, noting that supportive attitudes were at a historic low by 2010 as described above, but became more sympathetic as the 2010s progressed.

Table 4.3. Views of the UK public on the generosity and adequacy of the UK's social security system between 2010 and 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agree that if welfare benefits weren't so generous, people would learn to stand on their own two feet	56%	54%	52%	52%	53%	52%	44%	43%	40%	34%
Disagree that if welfare benefits weren't so generous, people would learn to stand on their own two feet	20%	21%	22%	23%	22%	24%	29%	30%	32%	37%
Agree that cutting benefits would damage too many people's lives	N/A	N/A	47%	N/A	47%	45%	49%	55%	55%	62%
Disagree that cutting benefits would damage too many people's lives	N/A	N/A	21%	N/A	20%	20%	16%	15%	14%	12%
Unemployment benefits are too high and discourage unemployed from finding jobs	54%	62%	51%	57%	52%	59%	48%	50%	39%	35%
Unemployment benefits are too low and cause hardship	23%	19%	22%	22%	27%	24%	28%	27%	35%	36%

Source: British Social Attitudes Survey

75. Patrick Diamond and Guy Lodge, "European welfare states after the crisis: changing public attitudes", https://www.ippr.org/files/images/media/files/publication/2013/01/Welfare%20States%20after%20the%20Crisis_10272.pdf (2013).

As can be seen from Table 4.3 above, there has been a notable shift in public attitudes towards the adequacy of social security system in the decade before the pandemic, mostly occurring after 2015. First, there has been a significant decrease in support for the idea that “if welfare benefits were not so generous, people would learn to stand on their own two feet”, with agreement falling from 56% in 2010 to 34% in 2019, while disagreement increased from 20% to 37%.

Similarly, the proportion of the UK public that agree that “cutting benefits would damage too many people’s lives” has increased from 47% in 2010, to 62% in 2019, while disagreement has fallen from 21% to 12%.

Finally, when thinking about adequacy of unemployment benefits in particular, there has been a significant shift in attitudes, with a decline from 54% in 2010 to 35% in 2019 in the proportion of the UK public who think that unemployment benefits are too high and discourage unemployed from finding jobs, while the proportion of people who think that unemployment benefits are too low and cause hardship increased from 23% to 36%. Overall, BSAS is showing an increasing proportion of the UK public believing the social security system to be inadequate in the run up to the pandemic.

Attitudes on the adequacy of social security are significantly influenced by views of claimant deservingness. Public judgements on deservingness are driven mostly by their views on whether claimants need the benefits, and whether they are responsible for their adverse situation.⁷⁶ Evidence from BSAS strongly suggests that attitudes towards social security claimants’ deservingness, particularly those who are unemployed, hardened during the 2000s alongside attitudes around adequacy.⁷⁷ Turn2Us’ analysis from 2012 suggests that a significant minority of the UK public viewed those in need of benefits

76. Ben Baumberg et al., “Benefits stigma in Britain”, <https://www.turn2us.org.uk/T2UWebsite/media/Documents/Benefits-Stigma-in-Britain.pdf> (2012), 3.

77. Elizabeth Clery, Lucy Lee and Sarah Kunz, “Public attitudes to poverty and welfare, 1983-2011: Analysis using British Social Attitudes data”, <https://matcen.ac.uk/media/137637/poverty-and-welfare.pdf> (2013), 2.

as being lazy (24%).⁷⁸ Indeed, the UK public is particularly likely to be sceptical towards unemployed benefit recipients, with the perception that “most unemployed people do not really try to find a job” being more widespread in the UK than in most other Western European countries.⁷⁹

It is important to note that despite this broader scepticism about the social security system in the early 2010s, there was still a consensus on its fundamental role around providing an adequate level of support. More than nine in ten of the UK public thought that it was important for the UK to have a benefits system that acts as a safety net,⁸⁰ more than seven in ten thought everyone should have the right to a minimum standard of living, with the welfare state stepping in if necessary,⁸¹ and more than six in ten thought that it is mainly the responsibility of the government to make sure people who become unemployed have enough to live on.⁸²

The data outside of BSAS collected between 2010 and 2019 also reinforces the trends of increasing concern about the lack of adequacy in the UK social security system. YouGov found that in 2013, 37% of the UK public thought that benefit payments were too high, but this more than halved to 18% in 2019.⁸³ Data from pan-European studies also suggests that more sympathetic attitudes to social security claimants have strengthened in the UK between 2008 and 2016, particularly towards those who are unemployed.⁸⁴

Evidence suggests that part of the shift in the attitudes towards the social security system during the 2010s was potentially driven by the

78. Ben Baumberg et al., “Benefits stigma in Britain”, <https://www.turn2us.org.uk/T2UWebsite/media/Documents/Benefits-Stigma-in-Britain.pdf> (2012), 3.

79. European Commission, “Attitudes towards adequacy and sustainability of social protection systems in the EU”, <http://www.anc.edu.ro/wp-content/uploads/2020/12/KE-03-20-649-EN-N.pdf> (2020).

80. Suzanne Hall, “21st century welfare: Seventy Years Since the Beveridge Report” <https://www.ipsos.com/sites/default/files/publication/1970-01/sri-21st-century-welfare-dec2012.pdf> (2012), 12.

81. ComRes, “BBC Radio 4 Social Welfare Poll”, https://2sjjwunnq141ia7ki31qqub1-wpengine.netdna-ssl.com/wp-content/themes/comres/poll/BBC_Welfare_Poll_November2012.pdf (2012).

82. *Ibid.*

83. Robert de Vries et al., “Did COVID-19 transform our attitudes to welfare?”, <https://yougov.co.uk/topics/politics/articles-reports/2021/09/10/did-covid-19-transform-our-attitudes-welfare> (2021).

84. European Commission, “Attitudes towards adequacy and sustainability of social protection systems in the EU”, <http://www.anc.edu.ro/wp-content/uploads/2020/12/KE-03-20-649-EN-N.pdf> (2020).

‘thermostatic’ effect, where attitudes on social security broadly harden during periods of its expansion, and soften during periods of spending consolidation. Hence, in the 2010s, the public responded by moving in the opposite direction to the policy of fiscal consolidation and cuts to the social security system by the Conservative Governments in power at this time.⁸⁵ An associated factor could be the increased incidences and awareness of destitution detailed that occurred in late 2010s.⁸⁶

As the evidence indicates that the public takes cues from politicians on views of issues, the hardening of criticism from Labour about cuts to social security after 2015⁸⁷ were also likely to play a part, especially as the evidence suggests that Labour voters had the biggest shift towards more sympathetic attitudes towards social security between 2010 and 2019.⁸⁸ Given how the issue of deservingness affects views towards claimants, the 70% decline between 2010 and 2019 in media coverage of stories related to social security fraud and abuse that highlights ‘undeserving’ claimants could also have played a part.⁸⁹

Poverty before the pandemic

Having established how public perceptions of adequacy of the social security system for working age adults has changed before the pandemic, it is also worth exploring how more concrete measures have changed in those years.

One way of assessing the adequacy of the UK’s social security system is by analysing the proportion of people deemed to be in poverty – in other words, deemed to have inadequate income to maintain a decent standard of living. The definition of poverty is not universally agreed,

85. Kerris Cooper and Tania Burchardt, “How divided is the attitudinal context for policymaking? Changes in public attitudes to the welfare state, inequality and immigration over two decades in Britain” http://eprints.lse.ac.uk/110339/2/Burchardt_how_divided_is_the_attitudinal_context_for_policymaking_published.pdf (2021), 3.

86. Various Speakers, “Stick or Shift? Attitudes towards inequality, the Welfare State and social security benefits during COVID-19”, 07 October 2021, https://sticerd.lse.ac.uk/CASE/_new/events/event/?index=8013.

87. The Economist, “British attitudes to welfare have undergone a quiet revolution”, <https://www.economist.com/britain/2019/07/11/british-attitudes-to-welfare-have-undergone-a-quiet-revolution> (2019).

88. John Curtice, “Will Covid-19 change attitudes towards the welfare state?”, *Progressive Review* (2020).

89. The Economist, “British attitudes to welfare have undergone a quiet revolution”, <https://www.economist.com/britain/2019/07/11/british-attitudes-to-welfare-have-undergone-a-quiet-revolution> (2019).

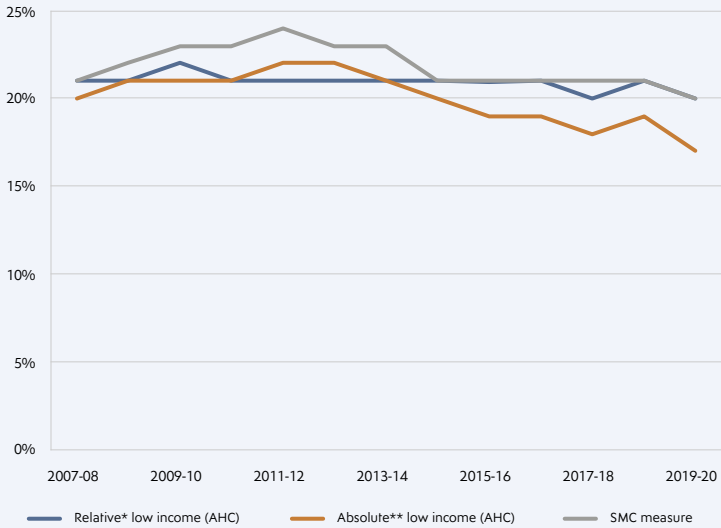
though the most widely used measures used within most research and policy work is focused on whether household income reaches a share of the average household income. Given that differences in housing costs in the UK vary geographically, such measures tend to have housing costs deducted.

We examine three measures of poverty: DWP's relative and absolute measurements based on the Households Below Average Income (HRAI) dataset and the Social Metric Commission's (SMC) measurement of poverty. These measures were chosen for two reasons. First, these have become the most commonly used sources for measures of poverty in contemporary analysis of low-income households. Second, these measures represent both the most comprehensive, and the latest available data we have on material poverty in the country.

We examine the following measures: the proportion of adults in relative poverty (meaning that their income is below 60% of contemporary median income), proportion of adults in absolute poverty (meaning that their income is below 60% of 2010-11 median income, held constant in real terms) and the SMC's measure of poverty. The SMC measure calculates the extent to which available income and wealth of a household are sufficient to meet their immediate material needs and then sets a benchmark against a median household income over the last three years under which a household would be determined to be in poverty.⁹⁰ Chart 4.4 below illustrates the trends in these three measures in the decade or so prior to the pandemic.

90. Social Metrics Commission, "A new measure of poverty for the UK", https://socialmetricscommission.org.uk/wp-content/uploads/2019/07/SMC_measuring-poverty-201809_full-report.pdf (2018), 20.

Chart 4.4. Proportion of working age adults in poverty, after housing costs, in the UK in between 2007 and 2020



* Relative – below 60% of contemporary median income

** Absolute – below 60% of 2010/11 median income held constant in real terms

Source: Family Resources Survey (2021) and Social Metrics Commission (2021)

In the decade or so preceding the pandemic, starting from just before the 2007-08 financial crisis, relative poverty levels among working age adults have remained relatively stable, with its highest level being 22% in 2009-10, and its lowest level being 20% in 2019-20, as Chart 4.4 above illustrates. This is a continuation of the stability of the rate of relative poverty rates' stability among working age adults since the early 2000s.⁹¹

However, absolute poverty has fallen after peaking at 22% in 2012-13, to 17% in 2019-20, right before the beginning of the pandemic, as shown in Chart 4.4 above. The significant improvement in absolute

91. Pascale Bourquin et al., "Living standards, poverty and inequality in the UK: 2019", <https://ifs.org.uk/publications/living-standards-poverty-and-inequality-uk-2019> (2019).

poverty at the end of the 2010s is linked to significant wage growth among households on low incomes.⁹² However, it is important to note that the rate of the fall in absolute poverty seen in 2010s is below the reductions in absolute poverty rates seen in the decades between the 1960s and 2000s: those are five to six percentage points, compared to four percentage points in 2010s.⁹³

As shown in Chart 4.4 above, the SMC's measure also peaked in 2011-12, as with absolute poverty, with 24% of working age adults found to be in poverty. It is at its lowest point in 2019-20, when only 20% of working age adults are found to be in poverty.

There are differences in the severity of poverty. SMC highlights that poverty is also important to understand in terms of two dimensions: its depth (the extent to which some households are significantly below the SMC's measure of poverty) and its persistence (the length of time in which a household is in poverty for).

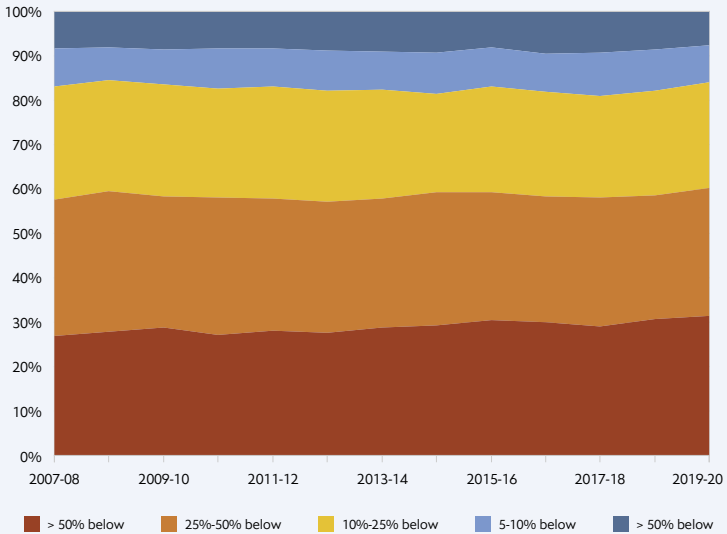
Chart 4.5 below shows the extent of change in the depth of poverty between 2007-08 and 2019-20 among all people in poverty, with the population being divided into multiple groups: those less than 5% below the SMC's measure of poverty, those between 5% and 10% below the SMC's measure of poverty, those between 10% and 25% below the SMC's measure of poverty, those between 25% and 50% below the SMC's measure of poverty and those more than 50% below the SMC's measure of poverty, which is defined as those being in deep poverty.⁹⁴

92. Jonathan Cribb and Paul Johnson, "Employees' earnings since the Great Recession: the latest picture", <https://ifs.org.uk/publications/14530> (2019), 6.

93. Pascale Bourquin et al., "Living standards, poverty and inequality in the UK: 2019", <https://ifs.org.uk/publications/living-standards-poverty-and-inequality-uk-2019> (2019), 22.

94. Data on depth of poverty only available for all people in poverty.

Chart 4.5. Proportion of people in poverty, by the extent to which they are below the poverty line between 2007 and 2020

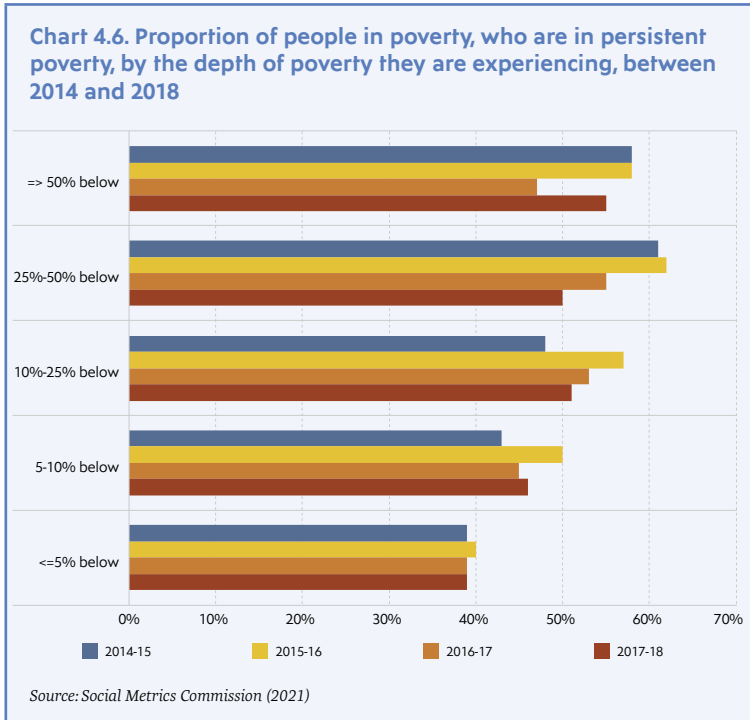


Source: Social Metrics Commission (2021)

The proportion of people in poverty who are in deep poverty rose slowly but steadily since 2007-08, when it was 27%, to 31% in 2019-20, as shown in Chart 4.5 above. This represents a continuation of an upward trend since 2001-02; back then only 22% of those in poverty were in deep poverty. Meanwhile, in 2019-20, another 29% were between 25% and 50% below the poverty line, 24% were 10% to 25% below the poverty line, 8% were 5% to 10% below the poverty line and only 8% were only 5% below the poverty line. Hence, an increasing minority of those in poverty are deeply below the poverty line.

Furthermore, the SMC also measures persistence of poverty by examining whether a household in poverty has been in poverty for two of the previous three years. While limitations in data only allow us to

see the incidence of persistent poverty between 2014-15 and 2017-18, Chart 4.5 below shows persistent poverty is more common for those in deep poverty.



Those who were in deep poverty (more than 50% below the poverty line) and those who were between 25% and 50% below the poverty line were the most likely to also be in persistent poverty between 2014-15 and 2017-18, as shown in Chart 4.5 above. In 2017-18, 55% of those in deep poverty and 50% of those between 25% and 50% below the poverty line were also in persistent poverty. Meanwhile, 46% of those between 5% and 10% were below the poverty line and 39% of those 5% were below the poverty line in 2018.

Destitution before the pandemic

Beyond poverty, it is also important to consider the extent of 'destitution', which is another determinant of how adequate the social security system is. Unlike the above definitions of poverty, which are calculated in relation to some benchmark of median household income, destitution is defined as the inability to afford essential items, such as food, energy, housing, clothing and toiletries.

It is important to highlight that public understanding of the term poverty, on average, comes closer to the definition of destitution. Research shows that 88% of the public thinks that not having enough to eat and live without getting into debt means that someone is in poverty, while 55% of the public thinks that having enough to eat and live, but not enough to buy other things they needed, means that someone is in poverty.⁹⁵ Hence, destitution is understood to be equivalent to poverty by the vast majority of the UK public.

Data is much more limited for examining the trends in destitution. Joseph Rowntree Foundation's report, *Destitution in the UK*,⁹⁶ provides the most comprehensive overview.

It is estimated that in 2019, 2.4 million people, which represents around 4% of the population of the UK, experienced destitution. This represented a 54% increase in the number of people experiencing destitution since 2017, though it is important to note that the margins of error are as high as 20% due to complexity of measurements.⁹⁷ Similarly, it is estimated that in an average week in 2019-20, 191,000 households accessed voluntary sector crisis services or local welfare funds.

Further evidence of rising destitution between 2010-11 and 2019-20 can be observed in data related to homelessness and food insecurity, although fuel poverty appears to have improved in the same time period.

There has also been a notable rise in homelessness between 2010-11

95. Elizabeth Clery and Pete Dangerfield, "Poverty and inequality", https://www.bsa.natcen.ac.uk/media/39288/6_bsa36_poverty-and-inequality.pdf (2019), 11.

96. Suzanne Fitzpatrick et al., "Destitution in the UK 2020", <https://www.jrf.org.uk/report/destitution-uk-2020> (2020).

97. Ibid.

and 2019-20. Core homelessness, an estimate of the number of people suffering some form of homelessness, has risen from 187,000 in 2012 to 219,000 in 2019-20, representing a 17% increase.⁹⁸ The number of households in temporary accommodation has risen from 48,000 at the end of 2010 to 88,300 at the end of 2019-20, representing an 84% increase.⁹⁹ Official counts of rough sleeping rates also significantly increased from an average of 1,768 rough sleepers a night in England in 2010-11, to an average of 4,266 rough sleepers a night in 2019-20, representing a 141% increase.¹⁰⁰

There is also some evidence that suggests food insecurity has increased in the second half of 2010s. Trussell Trust data shows that the amount of food bank referrals their network has received has increased from 1,090,000 in 2014-15 to 1,910,000 in 2019-20, representing a 75% increase since 2014-15.¹⁰¹

Official statistics indicate that in 2019-20, 4% of UK households reported low food security and 4% reported very low food security, meaning that around 2.2 million households experienced some level of food insecurity.¹⁰² However, official measurements of food insecurity have only been recently introduced, so it is not possible to establish the trendline since 2010-11.

In contrast, official statistics show that the number of households living in fuel poverty has fallen from 4,780,000 in 2010 to 3,176,000 in 2019, representing a 34% decline.¹⁰³ Fuel poverty measures the number

98. Glen Bramley, "Research on core homelessness and homeless projections: Technical report on new baseline estimates and scenario projections", https://www.crisis.org.uk/media/244632/core_homelessness_projections_2020_technical_report.pdf (2021), 12.

99. Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities and Local Government, "Live tables on homelessness", <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness> (2022).

100. Department for Levelling Up, Housing and Communities, "Rough sleeping snapshot in England: autumn 2021", <https://www.gov.uk/government/statistics/rough-sleeping-snapshot-in-england-autumn-2021> (2022).

101. The Trussell Trust, "End of year stats", <https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/> (2022).

102. Department for Environment Food and Rural Affairs, <https://www.gov.uk/government/statistics/united-kingdom-food-security-report-2021/united-kingdom-food-security-report-2021-theme-4-food-security-at-household-level> (2021).

103. Department for Business, Energy & Industrial Strategy, "Fuel Poverty Trends 2022", <https://www.gov.uk/government/statistics/fuel-poverty-trends-2022> (2022).

of households who are living in a property whose Fuel Poverty Energy Efficiency Rating¹⁰⁴ is below band C and if their income after housing costs and energy needs would be below the common relative poverty threshold of 60% of median household income.

On the other hand, it is also worth noting that the Resolution Foundation has estimated that utility spending has remained mostly fixed for those in the bottom 20% of the income distribution, with utilities spending as a share of total non-housing expenditure rising from 14% to 15% between 2010-11 and 2019-20.¹⁰⁵

Box 4.2. Divergence in trends in poverty and destitution before the pandemic

The overall evidence suggests that while all different poverty rates have remained stable, or even declined, destitution has increased between 2010 and 2019. Overall, evidence suggests that stability of poverty rates is linked to overall growth in employment rates and real growth, albeit modest, of wages in low-income households, which offset the real cuts in the value of social security.¹⁰⁶ However, the former was more likely to occur for households where someone entered employment, or was already in employment, and who were on average already better off than households where no one was in work.

So, households which have long-term unemployed people, or people with disabilities which prevent them from working, were much less likely to benefit from either rising unemployment, or real growth of wages between 2010 and 2019, but were still exposed to the real cuts in value of government support. Hence, deprivation rates increased while poverty rates remained stable.

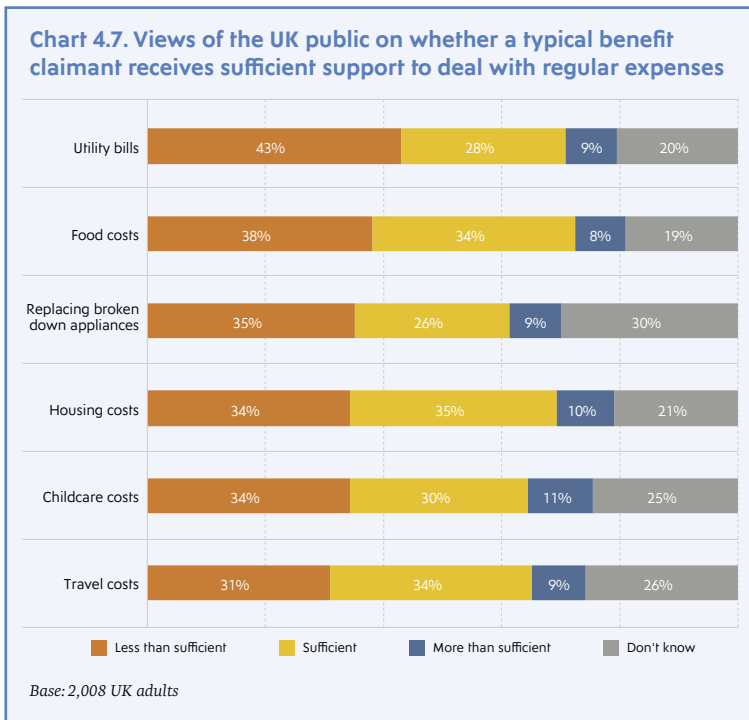
104. Fuel Poverty Energy Efficiency Rating assesses the fuel price needed to heat and light a property given its floor area, accounting for existing energy costs subsidy interventions, such as the Warm Homes Discount scheme. The full methodology can be seen here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/332236/fpeer_methodology.pdf.

105. Adam Corlett, Lindsay Judge and Jonathan Marshall, "Higher and higher: Averting a looming energy bill crisis", <https://www.resolutionfoundation.org/app/uploads/2022/01/Higher-and-higher.pdf> (2022), 3.

106. Jonathan Cribb, Thomas Wernham and Xiaowei Xu, "Living standards, poverty and inequality in the UK: 2021", <https://ifs.org.uk/uploads/R194-Living-standards-poverty-and-inequality-in-the-UK-2021.pdf> (2021), 6.

Public perceptions of adequacy of social security during the pandemic

Having contextualised the trends before the pandemic and established broad UK public support for the idea of the social security system should provide adequate support for people to cope financially, we then tested whether people believed this in reality. So, we asked the UK public to consider whether a typical benefit claimant receives sufficient support to deal with the following regular expenses: housing costs; food costs; travel costs such as public transport or maintaining a car; utility bills, such as heating, water and electricity and childcare costs; and replacing broken down appliances. The views of our respondents are displayed in Chart 4.7 below.



As can be seen in Chart 4.7 above, the UK public were divided in their assessment of whether a typical benefit claimant receives sufficient or insufficient support to deal with the range of costs we asked them about. We also find that only small minorities think that support for any of those expenses is more than sufficient, and with a significant minority responding 'don't know'.

Given the rapidly rising energy prices, it is unsurprising that respondents were most likely to identify utility bills as a cost for which the typical benefit claimant receives less than sufficient support (43%), a clear plurality. It should be noted that the date of our polling was before both the April 2022 rise in the energy price cap and the Government's Cost of Living Payments announced in May 2022, highlighting that concern for utility bills has been developing for some time.

Views were split more evenly between support being less than sufficient and sufficient for all other types of expenses. Food costs were the next type of regular expense where people were likely to perceive existing support for a typical benefit claimant as less than sufficient (38%), a plurality, albeit marginally, while 34% thought it was sufficient.

Similarly, 35% thought that existing support for a typical benefit claimant was less than sufficient for dealing with replacing broken down appliances (while 26% thought it was sufficient) and 34% thought that existing support was less than sufficient for dealing with childcare costs (while 30% thought it was sufficient).

In contrast, 24% thought that existing support was less than sufficient for dealing with housing costs, while 35% thought it was sufficient. Additionally, 21% thought that existing support was less than sufficient for dealing with travel costs, while 34% thought it was sufficient.

We do not find any significant differences between different household income groups for most types of expenses, with the exception of utility bills, where those living in a household with income below £20,000 were 18 percentage points more likely than those living in a household with income above £80,000 to perceive the support a typical benefit claimant receives as less than sufficient. Moreover, there is also significant discrepancy in

views for replacing broken down appliances, where the gap between the richest and poorest household income groups is 13 percentage points.

Unsurprisingly, benefit claimants were more likely than non-benefit claimants to identify the support a typical benefit claimant receives as less than sufficient to deal with every expense we asked about: utility bills (15 percentage points more likely); food costs (15 percentage points more likely); housing costs (12 percentage points more likely); replacing broken down appliances (12 percentage points more likely); travel costs (11 percentage points more likely); and childcare costs (eight percentage points more likely).

There was also significant variation by political vote. Across every cost we asked, Conservative voters were significantly less likely than Labour voters or Liberal Democrat voters to say that the typical benefit claimant receives less than sufficient support. Conservative voters are 32 percentage points less likely than Labour voters and 20 percentage points less likely than Liberal Democrat voters to say that the support received by a typical benefit claimant with housing costs and childcare costs is less than sufficient; 31 percentage points less likely than Labour voters and 16 percentage points less likely than Liberal Democrat voters to say the same about travel costs; 30 percentage points less likely than Labour voters and 22 percentage points less likely than Liberal Democrat voters to say the same about food costs; 28 percentage points less likely than Labour voters and 15 percentage points less likely than Liberal Democrat voters to say the same about utility bills; and, 27 percentage points less likely than Labour voters and 15 percentage points less likely than Liberal Democrat voters to say the same about replacing broken down appliances.

In our qualitative work, we explored further whether benefit payments are seen as adequate, slightly adjusting the question for 'Experience-of-Universal-Credit' focus group participants to reflect their experiences. As discussed in Chapter Two, the interviews were conducted in May 2022, when the additional pandemic support, such as the uplift, was withdrawn.

We asked participants in the Conservative voter and Labour voter focus groups whether they felt that, if they had to rely on benefit payments exclusively, they would have enough to survive.

Across both voter groups, there was a sense that the levels of benefit payments are adequate, but only with extremely careful financial management from the claimant.

“I think [benefit payments] would cover the bare essentials...there would be nothing luxury...there wouldn't be any trips to see grandchildren. But it would cover maybe your food and what you had to have and that would be it.”

Participant 5, Conservative voter group

In the Conservative voter and Labour voter focus groups, there were participants who were more tacitly positive about the adequacy level of benefit payments, expressing the sentiment that the level of payments is indeed adequate with common sense budgeting.

“You match your lifestyle with your income...if you're on benefits...you're obviously not going to be spending it on...Premier League football tickets or holidays...”

Participant 2, Conservative voter group

“I'd say [enough] to get by...that's what it's there for, isn't it? It's not really enough to make you a millionaire.”

Participant 2, Labour voter group

Nevertheless, when considering whether the level of benefit payments is adequate, participants in both the Conservative voter and Labour voter groups brought up cost of housing as an important factor that could render payments inadequate.

“...I rent allowance hasn't gone up over the years. In this area, you're allowed £80 a week rent. Try and find a house around here for £80 a week. You can't.”

Participant 1, Conservative voter group

“Yes, I think I would [have enough to survive if I had to rely on benefit payments] because I live in social housing.”

Participant 3, Labour voter group

“I'd say absolutely not...but...I don't live in social housing... I'm currently being evicted...A flat like what I've got now, a simple two-bedroom flat...is about £350 more a month now, compared to my current rent. The rent alone would swallow my entire UC allowance...”

Participant 1, Labour voter group

We asked participants in the Experience-of-Universal-Credit focus group whether, when they have received financial support from the social security system, they felt that they received, or are receiving, enough money to get by.

Participants were clear that none of them felt the level of benefit payments they had received, or were receiving, was enough to get by, with the group's sentiment on the value of benefit payments well-summarised by this remark:

“...it wasn't cutting it...”

Participant 6, Experience-of-Universal-Credit group

In addition, multiple participants quickly highlighted the cost-of-living crisis as an issue, even in its earlier stages when they were interviewed in May 2022, having eroded the spending power of their benefit payments:

“You’re getting the same money from the social security system, and everything’s gone up, so obviously you’re in a worse state...you’ve got more utilities to pay, more rent to pay, your food is more expensive...you’re actually...getting worse off all the time.”

Participant 4, Experience-of-Universal-Credit group

“The price of living is going up and the benefits just staying the same.”

Participant 5, Experience-of-Universal-Credit group

Overall, our research matches wider evidence of rising concern over costs of regular expenses for people on low incomes both during, and particularly towards the end, of the pandemic. In the earlier stages of the pandemic, 29% of those earning below the ‘Real Living Wage’, majority of whom are on a low income, reported being behind on household bills, and 20% reported being behind on their rent or mortgage.¹⁰⁷ Polling conducted by the Learning and Work Institute also found that 11% of low-paid workers in Summer 2020 were falling behind on bill payments more than usual, and 11% struggled to purchase basic items more than usual.¹⁰⁸

Towards the end of the pandemic, the beginning of the cost of living crisis was increasing concern over costs of regular expenses not just for people on benefits, but also more generally. For example, polling by Kantar in October 2021 identified that 43% were falling behind on the cost of living, 62% were concerned about not being able to keep their home warm during the winter and 55% were concerned about

107. Living Wage Foundation, “Life on low pay in the pandemic”, https://www.livingwage.org.uk/sites/default/files/LW_LifeOnLowPayPandemic_Feb2020_0.pdf (2021), 3.

108. Learning and Work Institute, “The impact of the coronavirus outbreak on London’s low paid workers”, <https://learningandwork.org.uk/wp-content/uploads/2020/07/The-impact-of-the-coronavirus-outbreak-on-Londons-low-paid-workers.pdf> (2020), 9.

the cost of their housing.¹⁰⁹ Similarly, polling from Citizens Advice in November 2021 suggests that 48% of people on low incomes were worried about paying bills, and 10% anticipated that they might need to access support such as food banks in the next three months.¹¹⁰

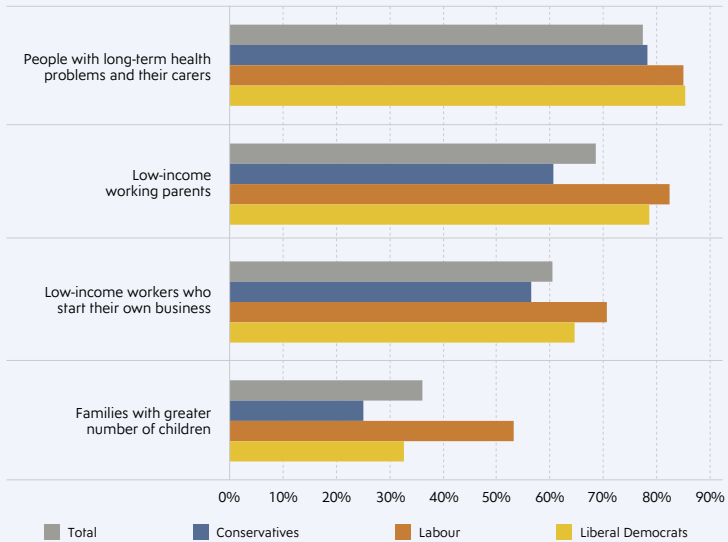
Adequacy of social security for specific social groups of claimants

We delved deeper into public attitudes on the adequacy of the social security system by focusing on specific groups of claimants. We asked the UK public to consider whether or not specific claimant groups should receive more financial support through the social security system, with the results shown in Chart 4.8 below. The implication of these findings could be that the UK public does not believe the social security system is currently adequate enough for specific claimant groups.

109. Luke Taylor, "Two in five Britons report that their household income has fallen behind the cost of living", <https://www.kantarpublic.com/inspiration/thought-leadership/two-in-five-britons-report-that-their-household-income-has-fallen-behind-the-cost-of-living> (2021).

110. Citizens Advice, "Three million families facing crisis as cost of living crunch bites", <https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/three-million-families-facing-crisis-as-cost-of-living-crunch-bites/> (2021).

Chart 4.8. Views of the UK public on whether certain claimant groups should receive more financial support through the social security system, by 2019 General Election vote



Base: 2,008 UK adults

As can be seen in Chart 4.8 above, the UK public are strongly in favour of almost all the claimant groups we asked them about receiving more financial support through the social security system, including those with long-term health problems and their carers (77%), low-income working parents (69%) and low-income workers who start their own business (61%).

However, public views are much more divided on families with a greater number of children, with 36% of respondents supporting more financial support through the social security system for this group, 21% oppose it and a plurality of 38% neither support nor oppose it.

There is no significant variation between different household income groups, or benefit and non-benefit claimants, on whether they support or oppose the above claimant groups we asked about should receive

more financial support through the social security system.

However, there is some variation by voting groups, with Conservative voters notably less likely to support more financial support through the social security system for the following claimant groups: families with a greater number of children (25%) (compared to 53% of Labour voters and 33% of Liberal Democrat voters); low-income working parents (61%) (compared to 82% of Labour voters and 79% of Liberal Democrat voters); and low-income workers who start their own business (57%) (compared to 71% of Labour voters and 65% of Liberal Democrat voters), though it is notable that a majority of Conservative voters still support more financial support through the social security system for the latter two claimant groups.

Overall, our findings fall in line with the wider, albeit limited, secondary evidence about attitudes to different groups of claimants, particularly the divergence of attitudes towards the unemployed people relative to other groups. Polling by Centre for Policy Studies in 2021 highlights that views on whether benefits for unemployed are too high (21%), about right (21%) or too low (37%) are inconclusive, though with a plurality supporting the assessment that they are too low.¹¹¹ Similarly, polling by YouGov throughout the pandemic highlights that support for the idea that people with disabilities (48%), people on low income and in work (45%) and people on low income and raising children (44%) get too little help from the social security system is more popular than the idea that unemployed people get too little help (30%).¹¹²

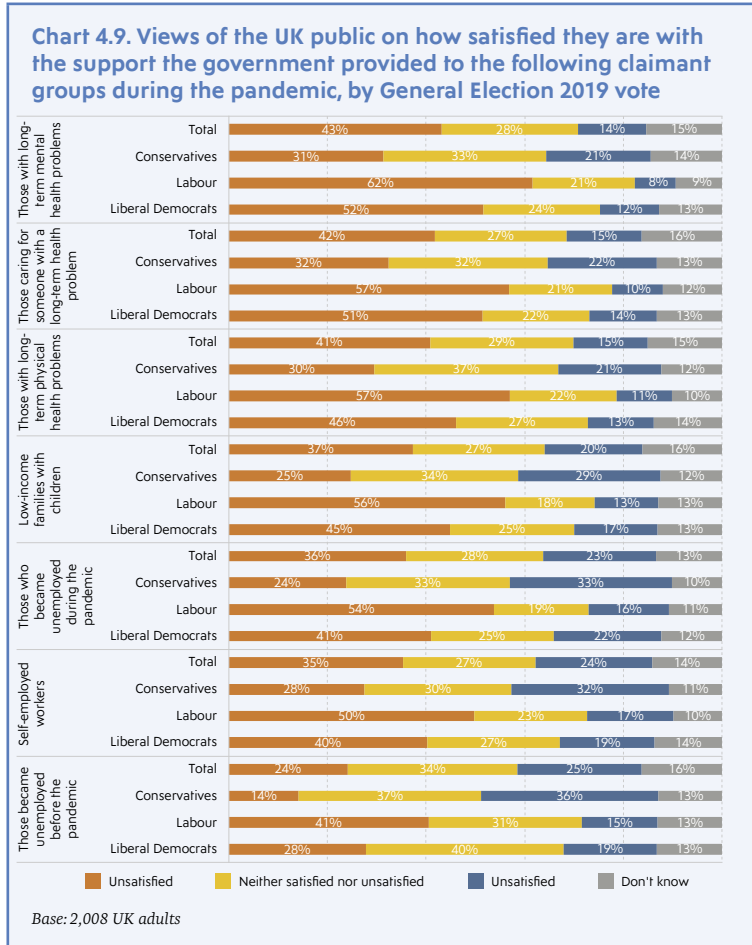
Impact of the pandemic on views on social security

We then focussed on public attitudes towards the adequacy of the social security system for working age adults during the pandemic.

111. James Heywood and Jonathan Dupont, "Fair Welfare", <https://cps.org.uk/wp-content/uploads/2021/09/210918224828-CPSWELFAREPAPER1.pdf> (2021).

112. YouGov, "Welfare & Benefits", https://yougov.co.uk/topics/politics/explore/academic_area/Welfare_Benefits?content=trackers (2022).

We first asked our respondents to consider a number of claimant groups and how satisfied or unsatisfied they are with the support the government provided to these groups during the pandemic, shown in Chart 4.9 below.



As can be seen in Chart 4.9 above, only a minority of the UK public said they are satisfied with the amount of government support received

by any claimant group we asked them about and are instead most likely to say they are unsatisfied with the level of support, or neither satisfied nor unsatisfied.

The highest levels of dissatisfaction are observed for Government support during the pandemic provided to those with long-term mental health problems (43%), those caring for someone with a long-term health problem (42%), those with long-term physical health problems (41%) and low-income families with children (37%). On the other hand, lower levels of dissatisfaction are observed for those who were already unemployed before the pandemic (24%), self-employed workers (35%) and those who became unemployed during the pandemic (36%).

While we do not find notable variation between different household income groups and benefit and non-benefit claimants, we do establish significant variation among the UK public by 2019 General Election vote. Unsurprisingly, Conservative voters are always more likely to report being satisfied with the support provided to different groups during the pandemic by the government, than Labour voters or Liberal Democrat voters, given that a Conservative Government was in place during the pandemic.

The three largest differences between different voter groups on whether they are satisfied with the support provided by government during the pandemic are as follows. Conservative voters are 21 percentage points more likely than Labour voters and 17 percentage points more likely than Liberal Democrat voters to say they are satisfied with the support provided by the government during the pandemic to those who were already unemployed before the pandemic; 17 percentage points more likely than Labour voters and 11 percentage points more likely than Liberal Democrat voters to say they are satisfied with the support provided by the government during the pandemic to those who became unemployed during the pandemic; and 16 percentage points more likely than Labour voters and 12 percentage points more likely than Liberal Democrat voters to say they are satisfied with the support provided by the government during the pandemic to low income families with children.

Box 4.3. Perceptions of how different groups fared financially during the pandemic

We also asked the UK public to consider several claimant groups and whether they have become better or worse off financially during the pandemic, as shown in Table 4.10 below.

Table 4.10. Views of the UK public on whether the following groups became better or worse off financially during the pandemic

Overall, how better or worse off financially do you think the following groups became during the pandemic?	Worse off	Better off	Neither
Low-income working parents	61%	7%	21%
Those with long-term mental health problems	57%	6%	25%
Those who care for people with long-term health problems	56%	6%	26%
Those with long-term physical health problems	56%	5%	27%
Unemployed people	44%	11%	34%

Base: 2,008 UK adults

As can be seen in Table 4.10 above, majorities or pluralities of respondents say that the following claimant groups have become financially worse off during the pandemic: low-income working parents (61%); those with longer-term mental health problems (57%); those who care for people with long-term health problems (56%); those with long-term physical health problems (56%); and unemployed people (44%).

Again, we do not find notable variation between views of different household income groups and benefit and non-benefit claimants on the extent to which respondents thought different claimant groups have become financially better or worse off during the pandemic, but we do establish significant variation among respondents by voting group, with Conservative voters being less likely than Labour voters or Liberal Democrat voters to say that they became financially worse off during the pandemic.

The largest gap is for unemployed people, with Conservative voters being 32 percentage points less likely than Labour voters and 13 percentage points less likely than Liberal Democrat voters to say that they became financially worse off during the pandemic. This is followed by: low-income working parents, with Conservative voters being 25 percentage points less likely than Labour voters and 12 percentage points less likely than Liberal Democrat voters to say that they became financially worse off during the pandemic; those with long-term mental health problems, with Conservative voters being 22 percentage points less likely than Labour voters and only nine percentage points less likely than Liberal Democrat voters to say that they became financially worse off during the pandemic; those with long-term physical health problems, with Conservative voters being 20 percentage points less likely than Labour voters and seven percentage points less likely than Liberal Democrat voters to say that they have become financially worse off during the pandemic; and, those with long-term health problems, with Conservative voters being 19 percentage points less likely than Labour voters but only five percentage points less likely than Liberal Democrat voters to say that they became financially worse off during the pandemic.

Subjective financial experience of those on low incomes during the pandemic

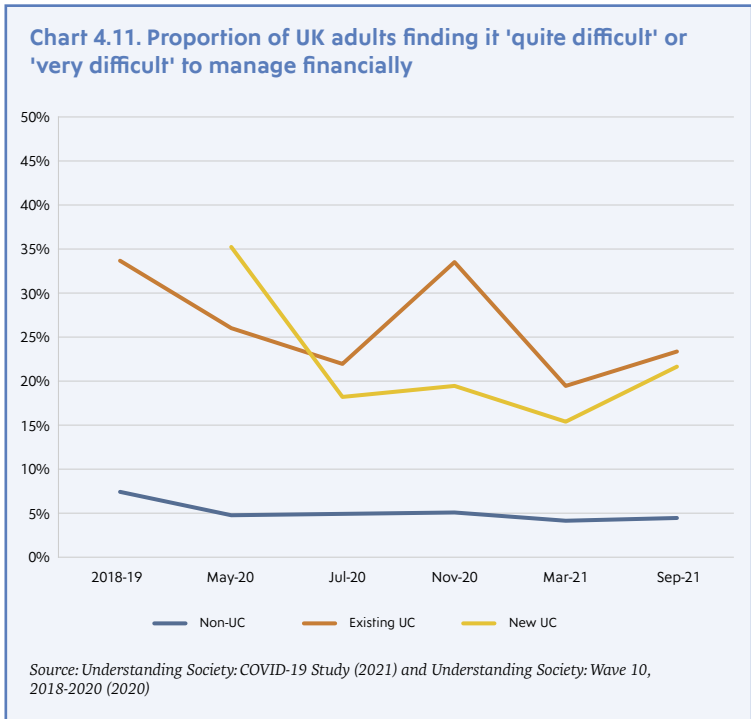
Another way of assessing the adequacy of the UK's social security system is by asking people about their financial experiences, especially benefit claimants. That way we can determine if the social security system is providing adequate financial support to working aged people on low incomes. In the absence of robust official data on poverty rates during the pandemic, we can lean on reported financial experiences of people, especially benefit claimants, to make assessments about the adequacy of the social security system during the pandemic.

As Chapter Three noted, there were a number of changes made by the UK Government to the social security system during the pandemic, such as implementing the £20 a week uplift for UC and WTC claimants and re-linking the Local Housing Allowance to 30% of local rental

market rates for those receiving the housing costs element of UC and HB. These were withdrawn towards the end of the pandemic.

Using the data available in official surveys, we performed original analysis to examine subjective and objective financial experiences of UC claimants just before and during the pandemic relative to the rest of the population ('non-UC'). As noted in Chapter Two, where data allows for it, we split the UC population into two groups: 'existing UC', which represents those who have been claiming UC before the start of the pandemic, and 'new UC', which represents those who have started claiming UC during the pandemic.

As shown in Chart 4.11 below, the subjective perception of the financial situation of UC claimants actually improved over the course of the pandemic.



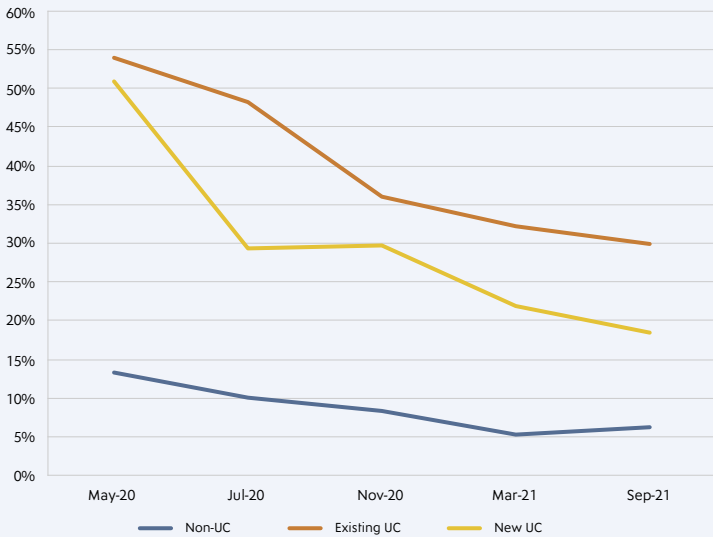
Unsurprisingly, we find that the number of existing UC claimants who reported that they find it difficult to manage financially is much higher (34%) than the rest of the population in 2018-19, as shown in Chart 4.11 above. However, we find that existing UC claimants have generally been less likely to report finding it difficult to manage financially during the pandemic than in 2018-19, other than in November 2020 when 34% reported as such, but falling to 20% in March 2021 and 23% in September 2021.

On the other hand, the number of new UC claimants who found it difficult to manage financially started relatively high (35%) in May 2020, indeed higher than existing UC claimants, but notably declines in the following months, falling to a low of 15% in March 2021 and 22% in September 2021.

Notably, the difference between existing UC claimants and the rest of the population finding it difficult to manage financially declined by nine percentage points between before the pandemic (2018-19) and towards the end of the pandemic (September 2021). Similarly, the difference between new UC claimants and the rest of the population declined by 13 percentage points between near the start (May 2020) and the later stages of the pandemic (September 2021).

Turning to future perceptions of finances, we find a notable improvement over the course of the pandemic, as shown in Chart 4.12 below.

Chart 4.12. Proportion of UK adults thinking it is at least 50% likely they will have difficulty paying for bills and expenses in the next three months



Source: Understanding Society: COVID-19 Study (2021)

We find that negative perceptions of future finances are much more common among both existing and new UC claimants than the rest of the population throughout the pandemic, especially close to the start of the pandemic. In May 2020, 54% of existing and 51% of new UC claimants reported they find it likely that they will have difficulty paying for bills and expenses in the next three months, while only 13% of the rest of the population expressed this, highlighting the much higher degree of financial uncertainty UC claimants tended to face.

While both existing and new UC claimants are much more likely to think there is a major chance they will have difficulty paying for bills and expenses in the next three months, this perception did substantively decline from the early months of the pandemic, falling from 54% to 30% among existing UC claimants between May 2020 and September

2021 and from 51% to 18% among new UC claimants in the same period, with the decline happening more quickly among those who are new UC claimants.

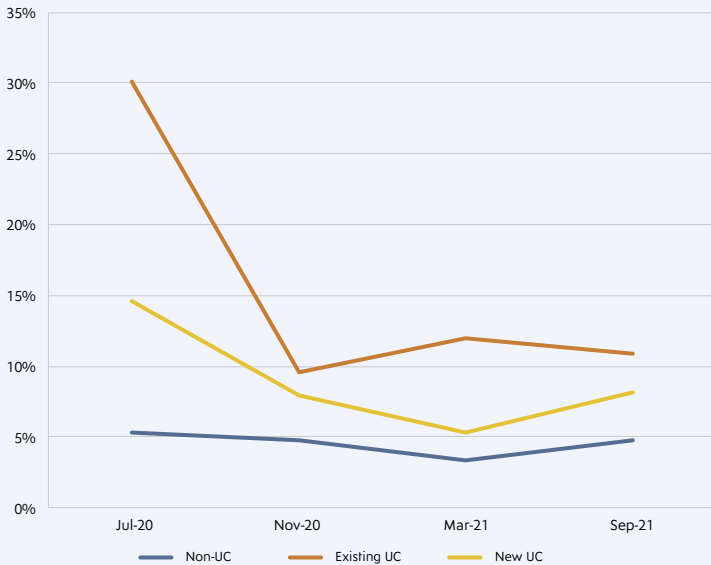
Notably, the difference between the number of existing UC claimants and the rest of the population finding it at least 50% likely they will have difficulty paying for bills and expenses in the next three months declined by 17 percentage points between May 2020 and September 2021. Similarly, the difference between new UC claimants and the rest of the population declined by 26 percentage points between May 20 and September 2021.

Objective measures of financial experiences during the pandemic

We also have some objective measures of financial experiences, including on borrowing and savings, which can offer insight into the adequacy of the social security system for working aged adults during the pandemic.

Looking at more objective measurements of financial situation, our research suggests that existing UC claimants were much more likely to borrow than other groups at the start of the pandemic, but this declined as the pandemic continued, as shown in Chart 4.13 below.

Chart 4.13. Proportion of UK adults reporting their personal debt has increased over the last four weeks



Source: Understanding Society: COVID-19 Study (2021)

In the early months of the pandemic, in July 2020, a minority of existing UC claimants (30%) were reporting that their personal debt was increasing over the last four weeks, compared to only 5% of the rest of the population. However, this gap narrowed significantly in later months of the pandemic, with the number of existing UC claimants reporting increasing personal debt falling to 10% in November 2020, 12% in March 2021 and 11% in September 2021. This suggests that some of the financial pressures on existing UC claimants declined as the pandemic continued, perhaps because of the interventions such as the UC uplift.

Similarly, while new UC claimants were significantly more likely than the rest of the population to report that their personal debt was increasing over the last four weeks in July 2020 (15% and 5%

respectively), this fell for new UC claimants to 8% in November 2020, 5% in March 2021 and 8% in September 2021.

The difference between existing UC claimants and the rest of the population in reporting their personal debt increasing fell by 19 percentage points between July 2020 and September 2021, and by 7% between new UC claimants and non-UC respondents during the same period.

On average, the COVID-19 pandemic saw most households improve their financial position, in large part due to increased savings, as most were not able to utilise their discretionary spending in the same way as before the pandemic due to economic shutdowns and border closures. The household savings ratios, which represents the proportion of household disposable income that gets saved, peaked at 23.9 in the second quarter of 2020 and remained above the long-term average for all of 2020 and 2021.¹¹³ However, this experience was not universal across households at different income levels.

During the first six months of the pandemic, the bottom 20% of the income distribution was the only income quintile that was, on average, more likely to be having a net negative level of savings, meaning they were either drawing down existing savings or running up debt. On average, they were experiencing a monthly decline of savings worth £170, while all other income quintiles had a net increase in level of savings.¹¹⁴ Evidence from the Institute for Fiscal Studies (IFS) also shows that between the start of 2020, and March 2021, the bottom 20% of the income distribution was the only income group that was more likely to report that their total wealth had decreased by more than 10%, rather than that their total wealth had increased by more than 10%.¹¹⁵ Overall, it is estimated that a total of 4.4 million households in relative

113. Sumit Dey-Chowdhury, Alex Blinston and Graeme Chamberlin, "Economic modelling of forced saving during the coronavirus (COVID-19) pandemic", <https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/economicmodellingofforcedsavingduringthecoronaviruscovid19pandemic/2022-06-06> (2022).

114. Alex Davenport et al., "Spending and saving during the COVID-19 crisis: evidence from bank account data", https://ifs.org.uk/uploads/BN308-Spending-and-saving-during-the-COVID-19-crisis-evidence-from-bank-account-data_2.pdf (2020), 28.

115. Peter Levell, "Consumption spending in the wake of the pandemic", <https://ifs.org.uk/uploads/BN336-Consumption-spending-in-the-wake-of-the-pandemic.pdf> (2021), 13.

poverty (38%) have taken on new borrowing or increased their previous borrowing at some point during the pandemic by October 2021.¹¹⁶

Furthermore, evidence from StepChange suggests that the number of people seeking advice on problem debt declined between October 2019 and October 2020, mostly due to government changes to the social security system and a range of temporary relief measurements for people who are repaying debts or arrears introduced at the start of the pandemic. However, for those who did seek advice about debt between April and October 2020, a majority (54%) experienced a fall in their income, primarily due to the direct or indirect impacts of the pandemic.¹¹⁷

116. Rachele Earwakera and Morgan Bestwick, "Dragged down by debt: Millions of low-income households pulled under by arrears while living costs rise", <https://www.jrf.org.uk/report/dragged-down-debt-millions-low-income-households-pulled-under-arrears-while-living-costs-rise> (2021), 6.

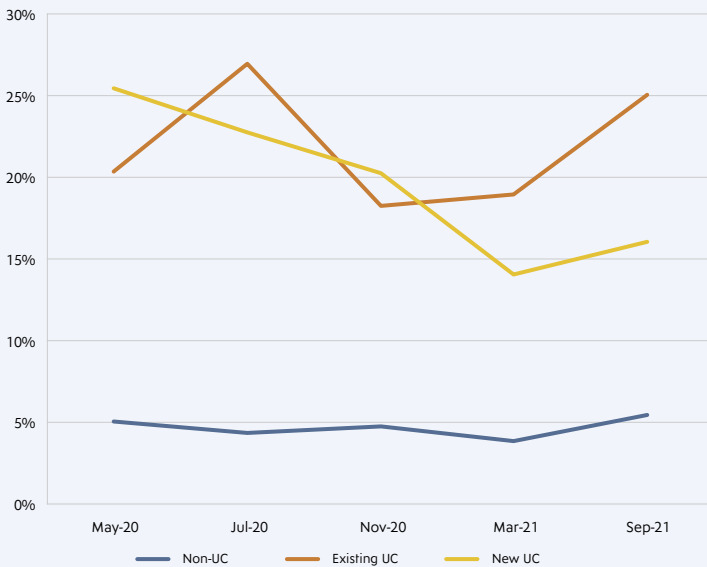
117. StepChange, "Covid-19 Client Data Report", <https://www.stepchange.org/Portals/0/assets/pdf/covid-19-client-report-dec-2020.pdf> (2020), 4.

Box 4.4. Informal financial help from family and/or friends.

Another potential piece of evidence suggesting lack of adequacy in the social security system is needing financial support from family and friends. That said, this might be contested on the grounds that such relations should be the primary safety net for individuals.

We find that a significant minority of both existing and new UC claimants were receiving informal financial help from family and/or friends during the pandemic, as shown in Chart 4.14 below.

Chart 4.14. Proportion of UK adults reporting receiving financial help from family and/or friends



Source: *Understanding Society: COVID-19 Study (2021)*

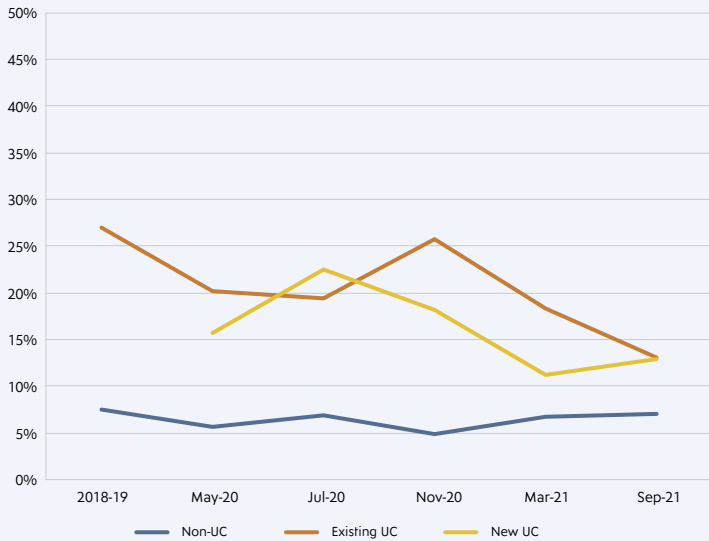
Our analysis identifies that at least 18% of existing UC claimants were receiving informal financial support during the pandemic, as shown in Chart 4.14 above, in contrast to only 5% of non-UC respondents. The large gap between the two groups fluctuates throughout the pandemic, with the number of existing UC claimants receiving financial support

from family and/or friends rising to 27% in July 2020, falling to 18% in November 2020 and 19% in March 2021, and then rising again to 25% in September 2021. Hence, the gap between existing UC claimants and the rest of the UK population in the proportion receiving financial help from friends and/or family increases by five percentage points between May 2020 and September 2021.

Similarly, the proportion of new UC claimants who received informal financial support is 25% in May 2020, but there is a more persistent decline, with a fall to 23% in July 2020, 20% in November 2020, 14% in March 2021 and 16% in September 2021. This means the gap between new UC claimants and the rest of the UK population in the proportion receiving financial help from friends and/or family decreased by nine percentage points between May 2020 and September 2021.

Our analysis also find that a significant minority of both existing and new UC households were reporting not being up to date with housing payments (such as rent or mortgage) throughout the pandemic, as shown in Chart 4.15 below.

Chart 4.15. Proportion of UK adults reporting not being up to date with housing payments



Source: Understanding Society: COVID-19 Study, (2021) and Understanding Society: Wave 10, 2018-2020 (2020)

We find that before the pandemic in 2018-19, 27% of existing UC claimants reported not being up to date with housing payments, as opposed to 7% of the rest of the population. At the start of the pandemic, in May 2020, only 20% of existing UC claimants reported not being up to date with housing payments, as opposed to 6% of the rest of the population. Similarly, 16% of new UC claimants also reported being behind on housing payments in May 2020.

However, there is a significant fall in the number of both existing and new UC claimants who report not being up to date with housing payments towards the end of the pandemic: only 13% in both groups report not being up to date on housing payments in September 2021, while 7% of non-UC respondents reported being in this position. Hence, the difference between existing UC claimants and the rest of the population who

are behind on housing payments dropped by seven percentage points between May 2020 and September 2021, and by four percentage points between new UC claimants and the rest of the population.

There is wider evidence suggesting that there was significant incidence of arrears during the pandemic. By October 2021, JRF found that 3.8 million low-income households (33%) were in some form of household arrears, which includes housing, utility, state debt and personal borrowing arrears.¹¹⁸ Notably, more than a third of low-income households in arrears (1.3 million) are in arrears of three or more types.¹¹⁹

The number of private renters experiencing rent arrears was at 7% in December 2020, representing around 840,000 tenants across the UK.¹²⁰ This would mean the rate of arrears has more than doubled from the pre-pandemic level; 3% of private renters were in arrears in 2019.¹²¹ Notably, 58% of those in rent arrears in December 2020 have no previous history of rent arrears.¹²² However, there is evidence that the number of people in rent arrears declined over the course of 2021, falling to 4% in December 2021, but still amounting to 430,000 private renters.¹²³ This would confirm the trend observed in Chart 4.15, where the proportion of existing UC claimants being behind on housing payments increased in the first year of the pandemic (2020) but fell in 2021.¹²⁴

However, there is also significant evidence that for households which were in rent arrears, the level of arrears was likely to increase over the course of the pandemic, with reporting that towards the end of the pandemic the average number of arrears had risen to £1,270 in

118. Rachele Earwakera and Morgan Bestwick, "Dragged down by debt: Millions of low-income households pulled under by arrears while living costs rise", <https://www.jrf.org.uk/report/dragged-down-debt-millions-low-income-households-pulled-under-arrears-while-living-costs-rise> (2021), 7.

119. Ibid.

120. Victoria Barker, "More than 800,000 renters in arrears due to Covid", <https://www.nrla.org.uk/news/over-eight-hundred-thousand-renters-in-arrears-due-to-covid> (2020).

121. Lindsay Judge, "Getting ahead on falling behind: Tackling the UK's building arrears crisis", <https://www.resolutionfoundation.org/app/uploads/2021/02/Getting-ahead-on-falling-behind.pdf> (2021).

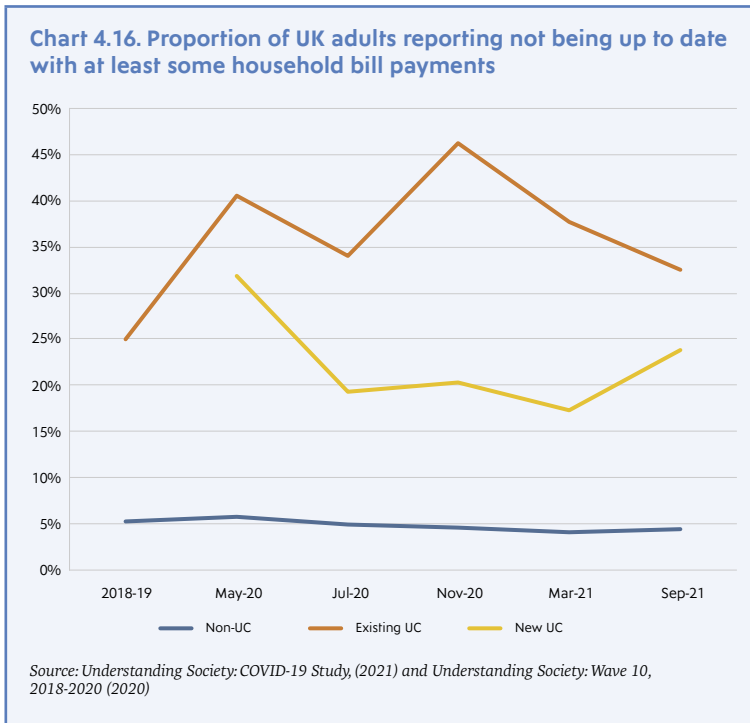
122. Citizens Advice, "Half a million renters in arrears as evictions set to resume", <https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/half-a-million-renters-in-arrears-as-evictions-set-to-resume/> (2021).

123. Rhianna Abrey, "Tenants with covid rent debts see arrears increase", <https://www.nrla.org.uk/news/tenants-with-covid-rent-debts-see-arrears-increase> (2021).

124. Ibid.

December 2021, up from being between £250 and £500 in May 2021.

Turning to general household bill payments, which include gas, electricity and water, we once again find that a significant minority of both existing and new UC households were reporting not being up to date with household bill payments throughout the pandemic, as shown in Chart 4.16 below.



We find that before the pandemic in 2018-19, 25% of existing UC households reported not being up to date, rising to 41% at the start of the pandemic in May 2020, as demonstrated in Chart 4.16 above. This changed to 34% in July 2020, rose to a high of 46% in November 2020 and then fell to 38% in March 2021 and 32% in September 2021, highlighting the large extent to which existing UC claimants continued

to face issues with household bills and suggesting a significant degree of volatility. However, the proportion of the rest of the population who report not being up to date with at least some household bills has remained steady between 2018-19 and during the pandemic (5% and 6% respectively).

On the other hand, while a relatively high proportion of new UC claimants report not being up to date with at least some household bills near the start of the pandemic in May 2020 (32%), this declined to 19% in July 2020 and then remained at 20% in November 2020, 17% in March 2021 and 24% in September 2021, indicating that new UC claimants were less likely to not be up to date with at least some household bills in comparison to existing UC claimants.

The difference between existing UC claimants and the rest of the population reporting not being up to date with at least some household bill payments rose by eight percentage points between before the pandemic (2018-19) and September 2021. However, the difference between new UC claimants and the rest of the population fell by six percentage points between the start (May 20) and the later stages of the pandemic (September 2021).

Our data analysis finds that there is stability in the usage of food banks by benefit claimants over the course of the pandemic, as shown in Chart 4.17 below.

Chart 4.17. Proportion of UK adults reporting using a food bank in the last four weeks



Source: Understanding Society: COVID-19 Study, (2021)

It is important to highlight that only a very small proportion of existing UC claimants were using a food bank during the pandemic: 6% of existing UC claimants at the start of the pandemic in May 2020 and 7% in all other months of the pandemic for which data is available, as illustrated in Chart 4.17 above. This contrasts with the rest of the population, which only had 2% reporting using a food bank at the start of the pandemic, and 1% at the end. However, it is notable that existing UC claimants were much more likely to be turning to food banks and that the rate of their usage of food banks did not change during the pandemic.

There is some evidence that the incidence of food insecurity has been increasing during the pandemic: the Trussell Trust reports that

the number of food parcels provided in 2020-2021 was 35% higher than in 2019-20 and 14% higher in 2021-22 than in 2019-20.¹²⁵ Meanwhile, the Food Foundation has found that after food moderate/severe food insecurity surged to affect 16% of all households at the start of the pandemic in March 2020, it fell to 7% for majority of the pandemic between August 2020 and July 2021, roughly matching the 8% rate observed in 2019-20, before rising to 9% in January 2022.¹²⁶

Hence, on most subjective and objective measures, the social security system appeared to have improved in terms of adequacy during the pandemic, possibly because of the changes that took place.

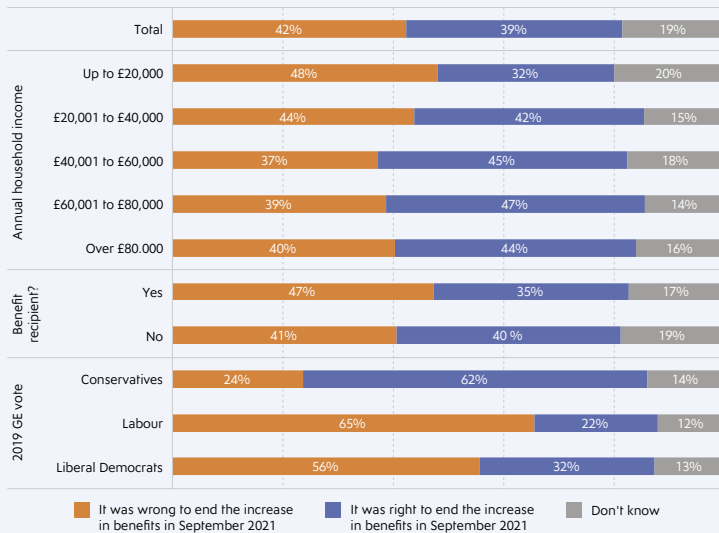
125. The Trussell Trust, “End of year stats”, <https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/> (2022).

126. Katharine Swindells, “Food insecurity is surging in the UK”, *The New Statesman*, 9 May, 2022.

Box 4.5. Benefit uplift

We asked the UK public whether the Government was right or wrong to end the UC benefit uplift of £20 per week (hereafter 'benefit uplift', and described in detail in Chapter Three), originally introduced in March 2020, and ended in September 2021, as shown in Chart 4.18 below.

Chart 4.18. Views of UK public on whether the Government was right or wrong to end the £20 UC benefit uplift in September 2021, by household income, benefit status and 2019 General Election vote



Base: 2,008 UK adults

As illustrated in Chart 4.18 above, respondents were divided on whether it was right or wrong to end the uplift, with 42% of respondents saying that the Government was wrong to end the benefit uplift in September 2021, and 39% saying that the Government was right to do so.

Surprisingly, we find relatively minor differences on this question by household income or benefit claimant status. Those living in a household with income below £20,000 were slightly more likely to say that the Government was wrong to end the benefit uplift than those living in

a household with income above £80,000 (48% versus 40%). Similarly, benefit claimants were only slightly more likely than non-benefit claimants to say the Government was wrong to end the benefit uplift (47% versus 41%).

However, we do find significant variation by 2019 General Election vote. A clear majority of Conservative voters (62%) were 40 percentage points more likely than Labour voters (22%), and 30 percentage points more likely than Liberal Democrat voters (32%) to say that the Government was right to end the benefit uplift in September 2021.

We then went on to ask only those who say that the Government was wrong to end the £20 benefit uplift in September 2021 why they think so, with results shown in Table 4.19 below. Respondents were able to pick multiple options.

Table 4.19. Views of the UK public who say that the Government was wrong to end the benefit uplift in September 2021 why they think the Government was wrong to do so

	Total
The cost of living is increasing significantly	71%
The increase should be made permanent	53%
The issues caused by the pandemic are still present	50%
Too many people who receive benefits live in poverty	49%
It was too early to end the increase	40%
The Government needs to help people on benefits more than it used to	38%
Other	3%
Don't know	2%

Base: 851 UK adults

Table 4.19 above shows that a strong majority of 71% of respondents who say that the Government was wrong to end the uplift in September 2021 say they think so because the cost of living is increasing significantly. However, the majority of those who oppose the end of the benefit uplift also say that the increase should be made permanent (53%) and because the issues caused by the pandemic are still present (50%), although it was worth noting this polling was concluded in February 2022. There is also

a significant plurality of respondents who think that the uplift should not have been ended by the Government in September 2021 because too many people who receive benefits live in poverty (49%), because it was too early to end the increase (40%) and because those on benefits require more help than before (38%).

We also asked those who say that the Government was right to end the benefit uplift in September 2021 why they think so, with results shown in Table 4.20. Again, respondents were able to choose more than one option.

Table 4.20. Views of UK public who say that the Government was right to end the uplift in September 2021 why they think the Government was right to do so

	Total
The uplift was only to help with the issues caused by the pandemic	59%
The Government needs to spend less money on benefits so that they can spend more on other areas	29%
The Government needs to spend less money on benefits to reduce the budget deficit	27%
People who receive benefits get enough money without the increase	25%
Benefits should not have been increased at the beginning of the pandemic	21%
Benefit claimants will misspend additional money they receive	21%
The Government is helping benefit claimants in a different way	14%
Other	2%
Don't know	4%

Base: 785 UK adults

As can be seen in Table 4.20 above, a clear majority of respondents (59%) who think that the Government was right to end the benefit uplift in September 2021, say this is because the uplift was only to help with issues caused by the pandemic. Other explanations only receive minority support, with the Government needing to spend less money on benefits so that they can spend more on other areas (27%), so that they can reduce the budget deficit (25%) and because benefit recipients get enough without the increase (25%) being the most popular other explanations.

Our findings on the UC uplift falls in line with the wider polling around ending the benefit uplift in September 2021. Centre for Policy

Studies found that 47% supported returning benefits to their previous level once the pandemic ended, while 39% opposed it.¹²⁷ YouGov found a similar degree of a split, with 38% agreeing that the benefit uplift should be phased out, while 39% opposed a phase out. On the other hand, Ipsos MORI found that 59% supported making the increase permanent, with only 20% supporting ending it.¹²⁸ Furthermore, New Economics Foundation's polling, which presented absolute sums of the standard allowance of UC with the uplift, found that only 10% agreed that it should be cut, while 39% found the sum of the standard UC award too low even with the uplift.¹²⁹

Conclusion

This chapter has revealed interesting trends on the adequacy of the social security system for working aged adults both before and during the pandemic. First, evidence shows that common measures of material poverty has remained stable in 2010s, while destitution rose.

It is also clear that there is a public consensus that the UK's social security system should provide a level of support that would be sufficient to allow people to meet basic needs and the cost of living, although this should be balanced with other primary objectives, such as helping people to find a job and stand on their own two feet. There was also public consensus that the pandemic made things worse for a wide range of claimant groups who are likely to be receiving social security.

However, in terms of subjective and objective measures of financial experiences, the evidence we do have, albeit limited, suggests that the reforms the UK Government made at the start of the pandemic did slightly improve the adequacy of the working age adults.

In the next Chapter, we examine the evidence around the issue of access to the social security system for working age adults.

127. James Heywood and Jonathan Dupont, "Fair Welfare", <https://cps.org.uk/wp-content/uploads/2021/09/210918224828-CPSWELFAREPAPER1.pdf> (2021), 89.

128. Ipsos MORI, "Public perceptions of health and social care in light of COVID-19", <https://www.health.org.uk/publications/public-perceptions-of-health-and-social-care-in-light-of-covid-19-november-2020> (2020).

129. New Economics Foundation, "New polling finds that only 10% of people think there should be a cut to universal credit", <https://neweconomics.org/2021/09/new-polling-finds-that-only-10-of-people-think-there-should-be-a-cut-to-universal-credit> (2021).

Chapter Five:

Accessibility of the social security system

In Chapter Four, we examined the adequacy of the UK's social security for working age adults, both before and during the pandemic, using both objective and subjective measures. In this Chapter, we explore the accessibility of the social security system for working age adults, both before and during the pandemic, drawing on both public attitudes and objective measures.

For a social security system to be effective in supporting those who need it, it needs to be easily accessible. However, given the complexity of the UK's social security system, and the extent to which it sprawls across different administrative bodies, it is vital to examine the extent to which it is accessible.

We choose to focus on take-up data, an objective measure of accessibility, as the key measure on the basis that it provides a clear measurement of the number of people who are both legible for a benefit, and are receiving it. However, take-up data is often not available, so we utilise other top-level data where it is available to examine trends in usage.

Data on take-up of UC is not available in any form due to the significant complexities with calculating take-up while legacy benefits are still available.¹³⁰ This makes it effectively impossible to avoid double-

130. George Bangham and Adam Corlett, "Boosting benefit take-up is critical to the success of Universal Credit, but we might not be able to measure whether it's working", <https://www.resolutionfoundation.org/comment/boosting-benefit-take-up-is-critical-to-the-success-of-universal-credit-but-we-might-not-be-able-to-measure-whether-its-working/> (2018).

counting in take-up estimates those who are claiming legacy benefits when estimating number of UC claimants. As such, for UC, we rely on public attitudes as a subjective measure of accessibility.

Accessibility of UC

As aforementioned, we rely on a subjective measure, public and claimant opinion, to assess the accessibility of UC, which is the main benefit available for working age adults. We rely on evidence that does not refer to accessibility of UC at a particular point of time, but it is worth remembering that the polling we use was conducted towards the end of the pandemic in early 2022.

First, we asked the UK public the extent of their support for the statement, “There is a large number of people who should receive benefits, but are not claiming them”. A majority of respondents agree with this (57%), while small minorities disagree (12%), as Chart 5.1 below illustrates.

Chart 5.1. Views of the UK public on the extent of their support or opposition for the statement “There is a large number of people who should receive benefits, but are not claiming them,” by household income, benefit claimant status and 2019 General Elec

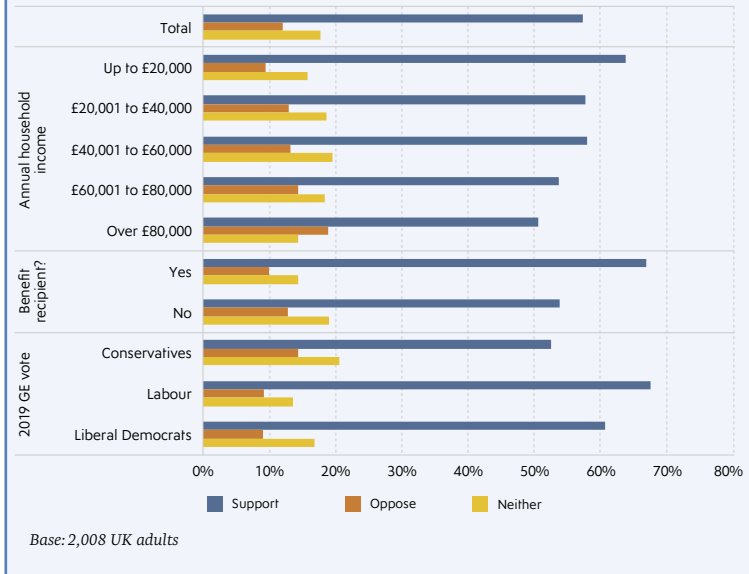


Chart 5.1 above demonstrates that a majority of respondents agree that “there is a large number of people who should receive benefits, but are not claiming them”. Support for this decreases slightly as we look at higher income brackets, with 64% of those living in a household with income below £20,000 supporting it, compared to 51% of those living in a household with income above £80,000. Similarly, benefit claimants are more likely to say that they support the statement than non-benefit claimants (67% versus 54%).

Similar levels of consensus are observed across 2019 General Election vote. We find that 2019 Conservative voters are less likely to support the statement “there is a large number of people who should receive benefits, but are not claiming them” (53%) than Labour (68%) or Liberal Democrat voters (61%), but there is majority support across all

major voting groups.

We asked our participants across all three focus groups whether they thought that there are people who might be entitled to benefits but are not claiming them, with a consensus that this was indeed the case. Some drew on their own personal experiences, while others referenced reports in the media.

“I’ve been in that position quite recently and I could have been receiving benefits...for a long time, but I was not aware of the criteria, you know, and I just didn’t really know about it. So yeah, there’s probably lots of people that are entitled to benefits that they don’t believe that... they may be entitled to or know about.”

Participant 2, Labour voter group

“People...are missing out on support”

Participant 4, Conservative voter group

“I’ve heard about this on the news. A lot of money is not being claimed.”

Participant 1, Experience-of-Universal-Credit group

Participants blamed the phenomenon of people who may be eligible for benefits, but not claiming them, on a variety of factors: the complexity of the benefits system; poor signposting by government services; and a dearth of information available to the public. Some went as far as to claim that the government deliberately makes it hard to claim benefits.

“People don’t know how to claim benefits...because they don’t know where to get the help from and it’s not made obvious, is it, really?”

Participant 2, Experience-of-Universal-Credit group

It was also noted by some in the Experience-of-Universal-Credit group that disabled people may be particularly likely to not apply for benefits, despite being entitled for support, because of a lack of information and lack of assistance for claiming them.

“Some people have several disabilities, especially mental disabilities, they are not claiming the benefit...they are entitled but they don't know what to do..”

Participant 7, Experience-of-Universal-Credit group

However, there was a sentiment expressed by some participants, particularly in the Labour voter group, that, while acknowledging the benefit system's complexity, people should take responsibility and find out themselves whether or not they are eligible for benefits.

“There are these grants, there are these benefits. But why should it be someone else's job to tell you that they're out there, if you want to make your own life [it's] down to you...go out there and find out what's available to you. Why should someone else tell you?”

Participant 3, Labour voter group

We had also asked our participants across all three focus groups whether they thought that the process of claiming benefits would be, or had been, easy or difficult in their experience.

Overall, participants were more likely to identify stigma stemming from the inflexibility and negative behaviour of DWP staff as a greater difficulty than any complexity in the application process itself, though it was noted that the proof and documentation requirements of the application process could be burdensome.

Participants in the Labour voter group were significantly more likely than those in the Conservative voter group or Experience-of-Universal-Credit group to identify the application process itself as difficult. These participants noted that the transfer from legacy benefits to the Universal Credit system was not easy, referencing poor communication and the five-week wait as posing difficulties:

“When I transferred over to Universal Credit, I was originally getting tax credits and no one told me my credits would just not come...so I was still relying on this income and then you obviously have this five-week wait until you get [Universal] Credit...”

Participant 1, Labour voter group

“I think they purposely make it quite difficult if I'm honest with you...They know many people are going to become quite frustrated or put off by...how difficult the process might be...This is why...organisations like...Citizens Advice, they're just so busy because many people are asking for help.”

Participant 2, Labour voter group

In the Conservative voter and Experience-of-Universal-Credit groups, participants described the administrative process faced by those attempting to access benefits as fairly simple and easy to use. While the presenting of various documents was recognised by some participants as potentially burdensome, and thus a possible barrier for some claimants, it was not seen as a serious roadblock.

“I'm on Universal Credit and I've found it to be no problem at all.”

Participant 1, Conservative voter group

“It can be easy...to get [benefits] but...you need proof. I understand why they do it but there seems to be an awful lot you have to prove...because, maybe, of people cheating the system...I think it's easy to [apply].”

Participant 4, Experience-of-Universal-Credit group

More emphasis was placed on the element of stigma in the burden of presenting proof as part of the application process. The group participant quoted directly above noted that though they had been able to present the documentation necessary to claim Housing Benefit, the process had left them with the feeling of “doing something wrong”.

Other participants in the Experience-of-Universal-Credit group echoed this sentiment, describing negative and stigmatising feelings caused burdensome or extensive requirements to submit documentation in order to access benefits:

“You feel like you're committing a crime, don't you?”

Participant 2, Experience-of-Universal-Credit group

“I think the scrutiny feels quite degrading...”

Participant 6, Experience-of-Universal-Credit group

While most participants in the Conservative voter and Experience-of-Universal-Credit focus groups perceived the administrative application process for claiming benefits as fairly simple, participants in both of these groups did strongly identify the “human factor” as a serious complicating factor faced by claimants and potential claimants attempting to access benefits.

“...It’s a human factor involved as well. Sometimes they make it easy for you, sometimes they make it hard... Sometimes they didn’t care that I had a small child...the system is quite unfair. It’s not logical.”

Participant 4, Conservative voter group

Conservative voter focus group participants were particularly sensitive to the power dynamic at play between DWP staff and benefit claimants, noting that a claimant’s experience could be highly dependent on the member of staff they might deal with.

“...there is a power [dynamic] involved when you speak to people...you just feel...slightly in the weaker position... it’s not like an equal relationship.”

Participant 4, Conservative voter group

“I found it easy...it just depends who you get on the other [end] of the phone.”

Participant 1, Conservative voter group

Participants in the Experience-of-Universal-Credit group similarly spoke of the stigmatising effect of the “human factor” identified in the Conservative voter group:

“It’s almost like you’re taking money away from their pockets...their own pockets. They’re very robotic and the way they speak to you is just like you’re robbing them or something like that...They shouldn’t be robotic like that. It’s almost like they’re reading from a textbook... and it’s not a nice feeling.”

Participant 1, the Experience-of-Universal-Credit group

Furthermore, in the Conservative and Experience-of-Universal-Credit focus groups there was strong criticism of the benefit system on the grounds that some of its elements and requirements felt arbitrary and inflexible.

The conditions for accessing some benefits, such as the requirement to attend a Job Centre weekly, was particularly criticised on these grounds:

“Every week I had to drive to drive to the Job Centre – 25 miles there, 25 miles back for a five minute sit-down with sometimes to say ‘Well, yeah, I’m still looking’, which seemed pointless and time-consuming and a waste of money to me. But it was one of the conditions...they’d stop your benefits if you didn’t.”

Participant 5, Conservative voter group

“The service is very bad, especially if you are unemployed...they call you for interview every two weeks and this puts more pressure on you...”

Participant 7, Experience-of-Universal-Credit group

This sense of arbitrariness appears to have contributed to the negative comments that participants in the Experience-of-Universal-Credit focus group made about Job Centres, which participants identified as places where they felt stigmatised:

“It’s not a nice environment.”

Participant 2, Experience-of-Universal-Credit group

“When I was going to the Job Centre, I hated it, absolutely used to pray I’d get a job soon because I didn’t want to go...”

Participant 4, Experience-of-Universal-Credit group

Overall, our fieldwork findings mirror that of other examinations of perceptions around accessing UC. Most notably, Bright Blue’s 2019 report, *Helping Hand*, outlined that while a majority of UC claimants are able to access UC without a significant issue, particular groups, such as older people, those with physical and mental health problems and those who had lower levels of digital literacy, struggled. Similarly, DWP research of UC claimants from 2018 found that 54% were able to claim without any assistance, while 25% were not able to submit their claim online at all due to difficulties with the application.¹³¹ Similar evidence is present from during the pandemic, with Peabody finding that 20% of UC claimants living in social housing found it difficult to navigate the system. Qualitative evidence of such claimants suggests that those found it difficult describe the system as “demeaning and impersonal”¹³², leaving them to rely on friends and family for assistance.¹³³

Accessibility of non-UC elements of social security system for working age adults

Chapter One outlined in detail the means-tested benefits and grants that are part of the social security system for working age adults beyond UC and legacy benefits. We now focus on the data around their take-up before and after the pandemic using existing datasets. We focus on the following benefits and grants: Council Tax Reduction, Discretionary Housing Payments, Household Support Fund, Sure Start Maternity Grant, Healthy Start Vouchers, Free School Meals, Funeral Expenses Payment and the Warm Home Discount scheme.

131. Department for Work and Pensions, “Universal Credit Full Service Survey”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf (2018), 4.

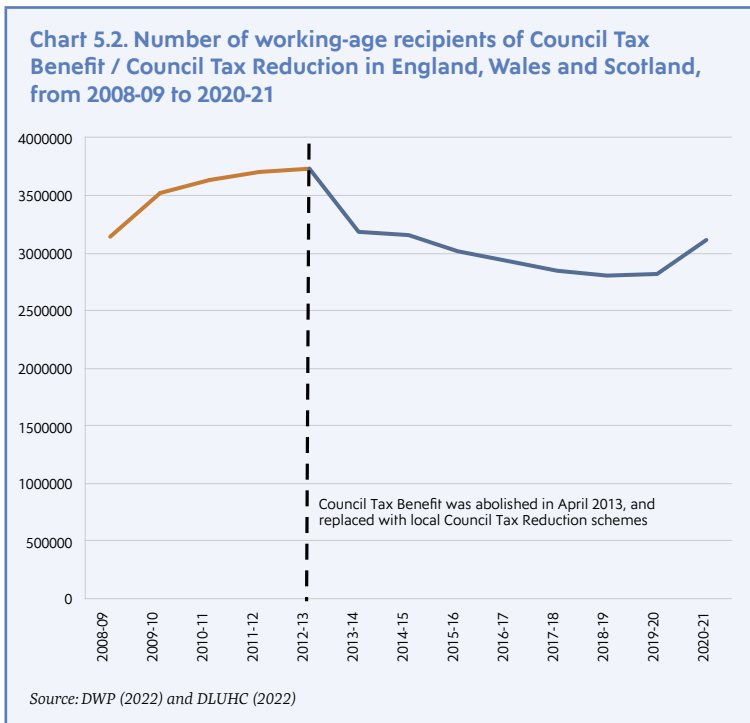
132. Mandy Cheetham et al., “Impact of Universal Credit in North East England: a qualitative study of claimants and support staff”, *British Medical Journal* (2019).

133. BritainThinks, “Learning from experiences of Universal Credit”, http://allcatsrgrey.org.uk/wp/download/public_health/inequalities_in_health/Learning-from-experiences-of-Universal-Credit_Report-for-the-Joseph-Rowntree-Foundation-1.pdf (2018), 4.

Council Tax Reduction (CTR)

Broad assessments of take-ups of CTR do not exist due to the localised natures of the scheme, as described in Chapter Three, but there is some limited take-up estimates for specific localities which we discuss later.

Instead, therefore, we first look at the number of recipients of CTR across the UK. As shown in Chart 5.2 below, the number of working age recipients of Council Tax Benefit (CTB), which became CTR in 2012-13, has varied significantly since 2008-09.



As Chart 5.2 demonstrates, the number of recipients of CTB steadily increased between 2008-09 and 2012-13, from 3,144,000 to 3,728,000, in line with the reduction in incomes during and following the Great

Recession.¹³⁴ The introduction of CTR was accompanied by a significant decrease in the number of recipients, down to 3,185,000 in 2013-14. This was followed by continuous slow decline in the number of working age recipients until 2020-21, when there was an uptick to 3,117,000 recipients, mostly due to the increase in benefit recipients during the pandemic.

What are the factors behind the decline in recipients of CTB and CTR between 2012-13 and 2019-20, before the pandemic? Some existing evidence suggests that the decline in recipients observed between 2012-13 and 2013-14 was mostly driven by improvements in wider economic conditions rather than the design of local CTR schemes being significantly more restrictive in who can benefit.¹³⁵

Another potential factor in the decline in recipients is the decline in take-up, as there is some evidence that take-up has been falling from an already low base, as DWP evidence of take-up of Council Tax Benefit dating to 2009-10 estimated that it was only 62% to 69% in England, Wales and Scotland.¹³⁶ UK-wide estimates of take-up of CTR are not available, but the Welsh government estimated that take-up of CTR was between 55% and 65% in 2018-19.¹³⁷

Most notably, the increase in claimants of CTR in the first year of the pandemic, between 2019-20 and 2020-21, is only 11%, although the same time period saw the number of out-of-work claimants of UC and legacy benefits increase by 53%.¹³⁸ While not all new claimants during the pandemic would be eligible for CTR, the scale of disparity suggests that a significant number of people eligible for CTR did not receive it. This is partly to do with UC claimants not being directly passported for CTR, unlike for claimants of HB, which is administered by local councils.

134. <https://ifs.org.uk/uploads/publications/comms/R153.pdf> This link does not go anywhere

135. <https://ifs.org.uk/uploads/publications/comms/R153.pdf> As above

136. Department for Work and Pensions, "Income Related Benefits: Estimates of Take-Up in 2009-10", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/222914/tkup_first_release_0910.pdf (2010).

137. Council Tax Policy Branch, "Removal of the sanction of imprisonment for the non-payment of council tax", <https://gov.wales/sites/default/files/consultations/2018-06/180611-removal-of-sanction-of-imprisonment-non-payment-council-tax.pdf> (2018).

138. Carla Ayrton et al., "Review of Council Tax Reduction schemes in England in 2021/22", https://npi.org.uk/files/7816/2314/2152/Review_of_Council_Tax_Reduction_schemes_in_England_in_2021-22.pdf (2022).

While a UC application does ask people whether they need help with Council Tax payments and sends an interest marker to the claimant's local authority if the applicant states so, this only prompts the local authority to reach out, and not to automatically enrol the claimant onto CTR if they are eligible.¹³⁹

There is also evidence that take-up varies significantly across local authorities. Analysis of London boroughs suggests that in January and February 2021, 35% of UC recipients in Sutton received CTR, but, in that same time frame, only 14% of UC recipients in Lambeth received CTR.¹⁴⁰ While both the generosity of the schemes and differences in demographics will contribute to levels of take-up by UC claimants, awareness and ease of application are also contributing to this, with local authorities that have a higher take-up usually having a more automated process for UC claimants.¹⁴¹

Accessibility of Discretionary Housing Payments (DHP)

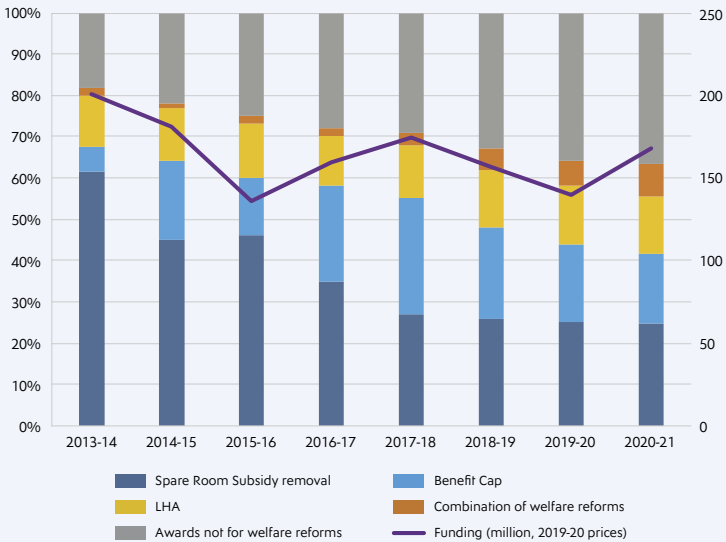
Once again, broad estimates of take-up are not available for DHP due to the localised administration of the scheme, as described in Chapter Three. Moreover, data for the number of awards of DHP in England and Wales is not available until 2018-19, meaning it is not possible to track changes in their number since its significant expansion in 2013-14. However, we can examine the changes in how DHP awards have been used over time, and the total amount of spending in real terms, as shown in Chart 5.3 below.

139. Jane Aston et al., "Understanding the Impact of Universal Credit on the Council Tax Reduction Scheme and Rent Arrears in Wales: Final Report", <https://gov.wales/sites/default/files/statistics-and-research/2020-07/universal-credit-council-tax-reduction-scheme-and-rent-arrears-wales-final-report.pdf> (2020).

140. Duncan Hatfield, "New analysis: Council tax support scheme costs rise by 16% in London", <https://policyinpractice.co.uk/new-analysis-council-tax-support-scheme-costs-rise-by-16-in-london/> (2021).

141. *Ibid.*

Chart 5.3. Reasons behind provision of DHP and central government funding for DHP in England and Wales, 2013-14 to 2020-2021



Source: DLUHC (2022)

As illustrated by Chart 5.3, while the majority of awards in 2013-14 (61%) were provided to those living in social housing to help with the removal of the Spare Room Subsidy, the proportion of such awards has declined to 25% by 2020-21. At the same time, the number of awards given for not one of the three welfare reforms mentioned in Chapter Three has increased from 18% in 2013-14 to 37% in 2020-21. The other significant trend has been the increase in the proportion of awards to help with the benefit cap, increasing from 6% in 2013-14 to 28% in 2017-18, before decreasing to 17% in 2020-21.

While central government funding has varied between 2013-14 and 2020-21, overall, there has been a decline from £201 million in 2013-14 to £168 million in 2020-21, in 2019-20 prices.

There is significant evidence that the differences in discretion across local authorities is creating a postcode lottery, both in terms of publicity and awareness¹⁴² and the level of financial adversity at which a DHP award is given.¹⁴³ The latter is linked to the differing financial situations of local authorities, with some underspending their DHP allocation and others overspending and having to find funds from the rest of their budgets or cut DHP provision.¹⁴⁴

Household Support Fund

Given the recency of the introduction of HSF and the scheme's implementation still being actively worked on by local authorities, comprehensive data on accessibility is not available. However, there is evidence of significant differences in implementations of the HSF across local authorities in England across various dimensions.

Some local authorities required applicants to submit a variety of evidence to prove financial distress, while others relied on referrals from voluntary sectors. Similarly, while some local authorities have been making HSF awards through in-house schemes, others have distributed HSF funds to frontline voluntary sector organisations. HSF distributed through local authorities can come in the form of cash, vouchers or in-kind assistance.

142. Megan Park, "The Implementation of Discretionary Housing Payments by Local Authorities in England", <https://i-sphere.site.hw.ac.uk/wp-content/uploads/sites/15/2021/11/DHPJune-2019.pdf> (2019), 27.

143. House of Commons Work and Pensions Committee, "Support for housing costs in the reformed welfare system Fourth Report of Session 2013–14", <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/720.pdf> (2014), 7.

144. House of Commons Work and Pensions Committee, "The benefit cap Twenty-Fourth Report of Session 2017–19", <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1477/1477.pdf> (2019), 9.

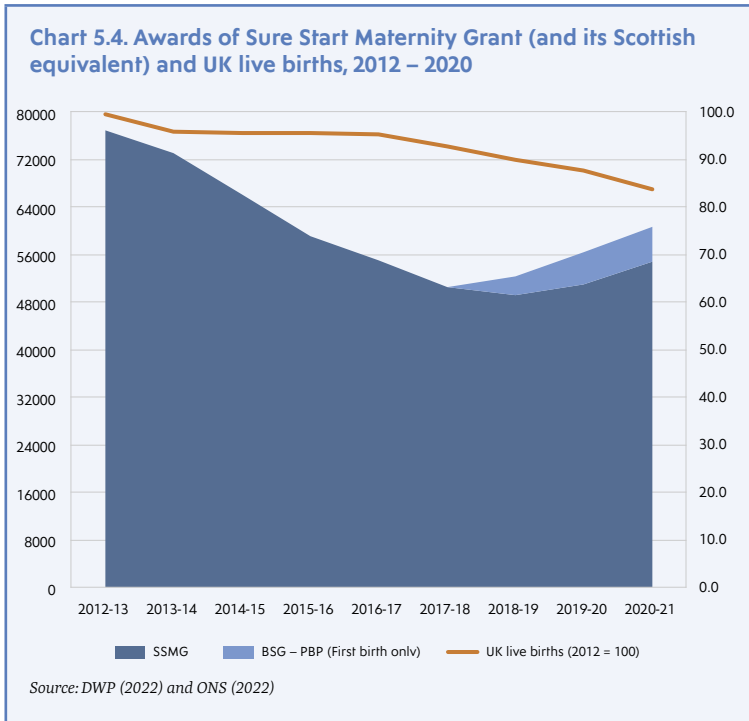
There seems to be three concerns for HSF in England. First, there are worries that there is a postcode lottery for vulnerable people, with some local authorities adopting better practices, and being in better fiscal shape than others. Second, the hurried and short-term funding allocations make it more difficult to design schemes which are efficient in distributing resources. Third, there were concerns about administrative processes and allocation of responsibilities for HSF in two-tier local authorities.

Sure Start Maternity Grant (SSMG)

Evidence of claimants being eligible for SSMG but failing to claim benefits, does not exist, but take-up analysis for BSG – PBP, the Scottish equivalent of SSMG, has been performed in Scotland. The latest estimates, for the time period between April 2019 and November 2020, suggest a take-up rate of 79% for BSG – PBP as a whole, but only 71% for first births.¹⁴⁵

Hence, we examine data looking at overall number of awards of SSMG. There has been a significant decline in the number of awards of SSMG until 2017-18 despite a much slower decline in live births, as shown in Chart 5.4 below. The data starts from 2012-13, which, as Chapter Three explained, is when the new restrictions on eligibility were applied.

145. Ben Macpherson, "Social Security (Scotland) Act 2018 – benefit take-up strategy – October 2021: measuring take-up of low-income benefits: Best Start Grant: Pregnancy and Baby Payment", <https://www.gov.scot/publications/social-security-scotland-act-2018-benefit-take-up-strategy-october-2021-approach-measuring-take-up-low-income-benefits/pages/2/> (2021).



As Chart 5.4 demonstrates, there's been a rapid decline in the number of awards for SSMG between 2012-13 and 2017-18, falling from 77,000 to 50,500 in this time period, representing a 34% decline in number of awards, while the UK live birth rate only fell by 7% in the same time period. However, since 2017-18, the number of SSMG awards has steadily risen to 54,900 by 2020-21, representing a 9% increase from 2017-18, while the birth rate declined by another 9% in this time period from the 2012 base level.

Some of this decline is likely to be explained by the decline in benefit claimants between 2012-13 and 2020-21. However, as we discussed in Chapter Four, it is notable that the proportion of children living in relative poverty in the UK has remained constant between 2012-13 and 2019-20 (27% and 31% respectively), while the proportion of

children living in absolute poverty fell from 28% to 25% in the same time period.¹⁴⁶

In terms of potential barriers to take-up of SSMG, evidence is limited. Evidence from Scotland for BSG – PBP suggests that both the process of the application and its promotion are affecting take-up.¹⁴⁷ Similar issues are likely to be leading to declining number of SSMG awards in the rest of the UK. Applying for the SSMG requires potential claimants to fill out a twelve-page form, in paper format only, despite most of the information already being held by the government if the parent is already in receipt of working age benefits. SSMG requires an additional sign-off from a health professional, such as a midwife, to confirm that they received advice on health and welfare of the child. Finally, a lack of awareness about SSMG is also a potential factor in impairing take-up, with some new low-income parents unaware of its existence.¹⁴⁸

Healthy Start Vouchers

Since 2017, the take-up of Healthy Start Vouchers in England, Wales and Northern Ireland has been volatile, as shown in Chart 5.5 below, with detailed data available from June 2017.

146. Department for Work and Pensions, "Households below average income: for financial years ending 1995 to 2021", <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2021> (2022).

147. Director-General Education and Justice, "Best Start Grant: interim evaluation", <https://www.gov.scot/publications/interim-evaluation-best-start-grant/> (2020).

148. CPAG, "Sure start maternity grants and the healthy start scheme: CPAG in Scotland policy seminar on the use of future powers", [https://cpag.org.uk/sites/default/files/CPAG%20Sure_Healthy%20Start%20\(Proof%202\).pdf](https://cpag.org.uk/sites/default/files/CPAG%20Sure_Healthy%20Start%20(Proof%202).pdf) (2015), 8.

Chart 5.5. Take-up of the Healthy Start vouchers in England, Wales and Northern Ireland, from June 2017 to March 2022



Source: NHS Healthy Start (2022)

As Chart 5.5 illustrates, a significant proportion of low-income families eligible for the Healthy Start Vouchers miss out on this form of government support, with take-up varying significantly. The lowest level of take-up observed in this period was 48% in May 2020, partly driven by a rapid increase in the number of households receiving UC in the first few months of the pandemic, while the lowest level of take-up before the pandemic was 54%, observed between December 2019 and February 2020.

Take-up for Healthy Start Vouchers has notably improved since then and hit a five-year peak in March 2022, with 71% of eligible families receiving them. However, this still represents a significant number of people missing out on this support: 155,000 were eligible but did not receive Healthy Start Vouchers in March 2022. Furthermore, there is

also significant variation in take-up by local authority: in March 2022, the highest take-up in a local authority was 87% (Redcar and Cleveland), while the lowest take-up was 50% (Redbridge).

Existing research has identified a number of barriers to increasing take-up of the Healthy Start Vouchers. First, the process of applying itself. While applying for Healthy Start Vouchers only requires completing a two-page form, or its online equivalent, almost all of the data required is already contained within the social security system, and there is evidence of people dropping out part way through the application.¹⁴⁹

Lack of information and clarity around the scheme is also playing a part: for families who are eligible, but do not receive the Healthy Start Vouchers scheme, there is evidence that they lacked information about the scheme itself and how to apply for it, with people with complex needs being particularly likely to struggle.¹⁵⁰ This is further complicated by a third barrier: the reluctance of some small businesses and retailers to participate in the scheme due to administrative burdens of claiming back the money, with businesses often citing long waiting times as a major concern.¹⁵¹

Free School Meals

While extensive data is available about pupils who are claiming FSM,¹⁵² information about the take-up rate is much more limited.

One-off analysis from the Department of Education in 2012 estimated that 14% of pupils entitled to FSM are not claiming them, which represented around 200,000 pupils.¹⁵³ However, there is some

149. Feeding Britain, "Increasing healthy start uptake", https://feedingbritain.org/wp-content/uploads/2019/02/Healthy_Start_Uptake-Feeding_Britain_Case_Study_2-1.pdf (2019).

150. Patricia Lucas et al., "Healthy Start Vouchers Study: The Views and Experiences of Parents, Professionals and Small Retailers in England", <https://www.bristol.ac.uk/media-library/sites/sps/migrated/documents/executivesummary1.pdf> (2013).

151. Feeding Britain, "Increasing healthy start uptake", https://feedingbritain.org/wp-content/uploads/2019/02/Healthy_Start_Uptake-Feeding_Britain_Case_Study_2-1.pdf (2019).

152. School Census Statistics Team, "Schools, pupils and their characteristics", <https://explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics/2020-21> (2022).

153. Samaira Iniesta-Martinez and Helen Evans, "Pupils not claiming free school meals", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/183380/DFE-RR235.pdf (2012), 9.

evidence that the take-up has been improving, with estimates published in October 2020 suggesting that take-up is 89% across England.¹⁵⁴ Similarly, in 2021, the Child Poverty Action Group estimated that take-up rate in the North East England in 2021 was 89%, with 13,000 pupils (11%) missing out.¹⁵⁵

What are the barriers to increasing take-up? Applying for FSM in England requires the completion of a short form, usually one to three pages, that is sent either to the local authority or the school, usually requiring only the names and dates of birth of a child and their parents, the parents' national insurance number, the address and contact details. However, the National Food Strategy identified that the government, through the HMRC and DWP databases, has the full information needed to automatically qualify children for FSM,¹⁵⁶ bypassing the need for parents to submit a written application. Other barriers to take-up relate to the stigma associated with receiving FSM for children, with a third of pupils reporting this fear putting them off claiming FSM.¹⁵⁷

Funeral Expenses Payment (FEP)

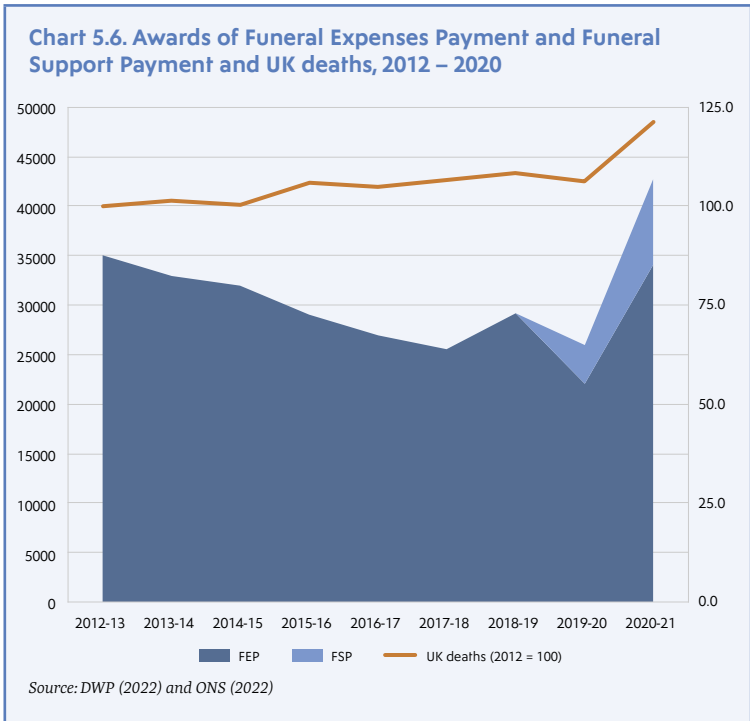
Take-up estimates are not available for FEP. Hence, we are looking at the number of awards, and the changes in UK deaths, to examine trends in usage instead. Since 2012, there has been a long-term decline in number of FEP awards until the pandemic, as shown by Chart 5.6 below. The Scottish equivalent (FSP), which was introduced in 2018-19 and is discussed in Chapter Three, is also included for comparison purposes.

154. Vicky Ford, *Free School Meals*, 08 October 2020, <https://questions-statements.parliament.uk/written-questions/detail/2020-10-08/100943>.

155. The North East Child Poverty Commission, "The cost of missing lunchtime: a briefing on free school meals in the North East of England", <https://children-ne.org.uk/wp-content/uploads/2021/05/The-Cost-of-Missing-Lunchtime-a-Briefing-on-Free-School-Meals-in-the-North-East-of-England.pdf> (2021), 1.

156. National Food Strategy, "The Plan.", <https://www.nationalfoodstrategy.org/> (2021), X.

157. Pamela Storey and Rosemary Chamberlin, "Improving the Take Up of Free School Meals", <https://dera.ioe.ac.uk/4657/1/RR270.pdf> (2001), 23.



As Chart 5.6 demonstrates, there's been a fall in the number of awards for FEP between 2012-13 and 2018-19, falling from 35,000 to 29,100 in this time period, representing a 17% decline in number of awards, while the number of deaths in the UK rose by 8% in the same time period. The introduction of Funeral Support Payment in Scotland meant that the number of FEP awards fell further 22,000 in 2019-20, while 4,000 Funeral Support Payments were awarded in the same time period.'

Due to the pandemic, both the number of deaths and the number of awards significantly spiked in 2020-21, with death numbers being 21% higher than in 2012, while the number of FEP reached 34,000, and 8,700 for FSP.

Assessment of take-up of the Scottish Funeral Support Payment

suggests that the number of people who are eligible and are claiming this support remains low and is estimated to be only 59% between October 2019 and November 2020.¹⁵⁸ Similar estimates do not exist for Funeral Expenses Payment, but there is extensive literature identifying the barriers to accessing this grant.

The process for claiming FEP is notably burdensome, requiring the completion of a 25-page form. However, unlike other benefits for low-income working age adults discussed in this Chapter, such as SSMG, the government does require a significant amount of new information about the claimant, such as their relationship to the deceased and other family members, to make a decision on whether to award the Funeral Expenses Payment, as the government needs to check if any other person could meet the costs of the funeral instead.

There is evidence that there is a significant level of confusion over eligibility for Funeral Expenses Payment and the amount of award paid, leading to a significant number of people on low incomes committing to funeral costs and then not receiving an award.¹⁵⁹ This is worsened by the fact that the Funeral Expenses Payment is paid in arrears, with the government requiring to receive a final invoice or bill from the funeral company to pay the award. With the DWP having a target of 16 days to process applications for Funeral Expenses Payment, but an average time between a death and a funeral only being 13 days, this means that people on low incomes often have to commit to a cost of a funeral before they know whether they have been awarded support, and in cases where their claim is rejected, often find themselves indebted to the funeral agency.¹⁶⁰

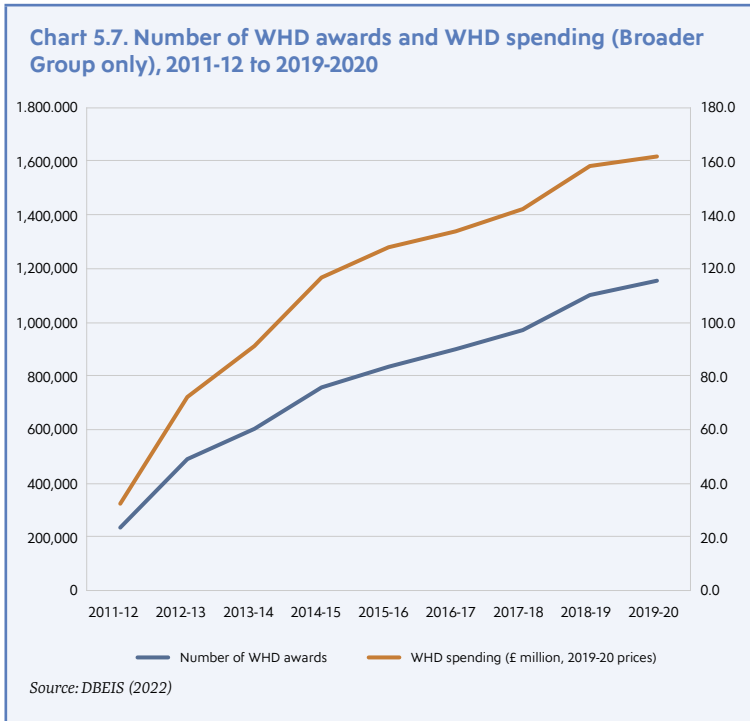
158. Ben Macpherson, "Social Security (Scotland) Act 2018 – benefit take-up strategy – October 2021: measuring take-up of low-income benefits: Funeral Support Payment", (2021). <https://www.gov.scot/publications/social-security-scotland-act-2018-benefit-take-up-strategy-october-2021-approach-measuring-take-up-low-income-benefits/pages/6/> (2021).

159. Christine Valentine, "Putting 'The Grave' into Social Policy: State Support for Funerals in Contemporary UK Society", *Journal of Social Policy* (2013).

160. House of Commons Work and Pensions Committee, "Support for the bereaved Ninth Report of Session 2015-16", <https://publications.parliament.uk/pa/cm201516/cmselect/cmworpen/551/551.pdf> (2016), 12.

Warm Home Discount (WHD)

Take-up estimates are not available for WHD, as individual energy companies can vary their eligibility criteria. However, as Chart 5.7 below shows, both the number of WHD awards and spending has been increasing since the scheme's introduction in 2011-12.



As illustrated in Chart 5.7 above, the number of WHD awards given to the 'Broader Group' (those of working age who are eligible for WHD, as explained in Chapter Three) has increased significantly between the scheme's launch in 2011-12, when only 234,000 awards were given out, and 2019-20, when 1,157,000 awards were given out. Similarly, the WHD spending increased in real terms for the Broader Group from £32.6 million in 2011-12 to £161.9 million in 2019-20. The increase in WHD

awards and spending reflected the staggered transition of recipients of legacy forms of energy bill support to WHD,¹⁶¹ the expansion of mandatory criteria for eligibility in 2014-15¹⁶² and decreased spending commitments on pensioners.¹⁶³

Until 2022, those wishing to receive WHD as part of the Broader Group had to make an application to their energy provider to receive support on a first-come, first-serve basis, as each provider had a limited allocation. Citizens Advice report that 44% of their advisors who work on WHD report having customers who found the application process too complicated.¹⁶⁴

Furthermore, third sector organisations, such as National Energy Action, have been voicing concerns that awareness of WHD continues to be low, especially among those who are digitally excluded and those for whom English is not a first language.¹⁶⁵ On the other hand, both third sector organisations¹⁶⁶ and government ministers¹⁶⁷ have highlighted that WHD schemes of individual energy companies sometimes become oversubscribed, with funding being insufficient to provide WHD for all those who are eligible.

161. Ofgem, "Warm Home Discount annual report: Scheme Year 3", <https://www.ofgem.gov.uk/publications/warm-home-discount-annual-report-scheme-year-3> (2014).

162. Ofgem, "Warm Home Discount annual report: Scheme Year 8", https://www.ofgem.gov.uk/sites/default/files/docs/2019/12/whd_sy8_annual_report.pdf (2019).

163. Ofgem, "Warm Home Discount annual report: Scheme Year 10", <https://www.ofgem.gov.uk/publications/warm-home-discount-annual-report-scheme-year-10> (2021).

164. Citizens Advice, "Citizens Advice response to BEIS's Warm Home Discount Scheme 2021 to 2022 Consultation", https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Energy%20Consultation%20responses/Citizens%20Advice%20response_Warm%20Home%20Discount%202021_22.pdf (2022), 2.

165. National Energy Action and Energy Action Scotland, "UK Fuel Poverty Monitor", <https://www.nea.org.uk/wp-content/uploads/2020/07/UK-FPM-2019.pdf> (2020).

166. Citizens Advice, "Citizens Advice Response to Warm Home Discount: better targeted support from 2022", [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Energy%20Consultation%20responses/Citizens%20Advice%20response%20to%20Warm%20Home%20Discount_%20better%20targeted%20support%20from%202022%20\(3\)%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Energy%20Consultation%20responses/Citizens%20Advice%20response%20to%20Warm%20Home%20Discount_%20better%20targeted%20support%20from%202022%20(3)%20(1).pdf) (2021).

167. Greg Hands, *Warm Home Discount Scheme*, 11 February 2022, <https://www.theyworkforyou.com/wrans/?id=2022-02-03.117814.h>.

Conclusion

This chapter has revealed a number of issues around accessibility of the social security system for working age adults both before and during the pandemic. First, evidence shows that some accessibility issues remain with UC, with a widespread perception that people are missing out on receiving UC.

It is also clear that there are likely to be substantive take-up issues with a range of other means-tested benefits and grants available to working age adults, with issues around awareness and the application process both playing a part in preventing higher take-up.

In the next Chapter, we examine the evidence around the issue of fairness in the social security system.

Chapter Six: Fairness of the social security system

In Chapter Five, we examined a number of issues around accessibility of the social security system for working age adults. Now, in this Chapter, we examine the fairness of the social security system for working age adults.

We deduce that the fairness of the social security system matters, both for public and claimant confidence in it, but also for the optimal allocation of resources. Contribution, not just adequacy, is seen as central to social security by the majority of the public, who believe that effort and desert matter when thinking about distribution of resources.

In assessing the fairness of the social security system for working age adults, both before and during the pandemic, we rely almost exclusively on subjective indicators – namely, public and claimant opinion.

The importance of contribution

Contribution in the context of social security refers to the idea that the level of fiscal contributions should have some kind of determination over an individual's entitlement to receive support through the social security system. As discussed in Chapter One, the proportion of contributory benefits has declined consistently in recent decades.

First, we asked the UK public on the extent of their support for two statements: “People who have paid taxes for longer should receive more support through the benefits system” (a positive contributory principle) and “People who have never paid taxes should not receive any support

through the benefits system” (a negative contributory principle).

Table 6.1 below demonstrates that there is a broad level of support for the positive contributory principle among the UK public (54%). The negative contributory principle is much more divisive, with 40% supporting, 39% opposing it and 20% neither supporting nor opposing it.

Table 6.1. Views of the UK public on the extent of their support or opposition towards the positive and negative contributory principle, by household income, benefit status and 2019 General Election vote

		Positive contributory principle			Negative contributory principle		
		Support	Oppose	Neither	Support	Oppose	Neither
Total		54%	23%	23%	40%	39%	20%
Annual household income	Up to £20,000	48%	27%	25%	35%	45%	20%
	£20,001 to £40,000	56%	23%	20%	43%	38%	20%
	£40,001 to £60,000	60%	18%	22%	42%	38%	20%
	£60,001 to £80,000	62%	19%	20%	44%	41%	17%
	Over £80,000	58%	22%	19%	42%	39%	19%
Benefit recipient?	Yes	52%	25%	23%	38%	41%	20%
	No	55%	22%	23%	41%	39%	20%
2019 GE vote	Conservatives	66%	14%	20%	53%	27%	20%
	Labour	49%	33%	19%	30%	56%	15%
	Liberal Democrats	40%	31%	28%	31%	49%	19%

Base: 2,008 UK adults

For the positive contributory principle, we find some differences among household income groups, with lower income groups being less likely to support it than higher income groups, as demonstrated in Table 5.8 above. While only 48% of those living in a household with an income less than £20,000 express support for the principle, this increases to 58% among those living in a household income of

more than £80,000. On the other hand, there is not a major difference between support for the positive contributory principle between benefit claimants (52%) and non-benefit claimants (55%).

There is also variation by participants' 2019 General Election vote, with Conservative voters more likely than Labour and Liberal Democrat voters to support the positive contributory principle. A majority of 66% of Conservative voters support it, in comparison with pluralities of Labour and Liberal Democrat voters (49% and 40% respectively).

For the negative contributory principle, support is slightly lower among those living in a household with income less than £20,000 (35%) and slightly higher among higher income groups, such as those living in a household with income of more than £80,000 (42%). Similarly, there is no notable difference

between support for the negative contributory principle between benefit claimants (38%) and non-benefit claimants (41%).

Similarly, there is notable variation by 2019 General Election vote regarding the negative contributory principle, particularly in terms of the negative contributory principle. Conservative voters (53%) are much more likely than Labour voters (30%) and Liberal Democrat voters (31%) to support it. This falls in line with our previous findings in the 2014's *Give and Take* report, which shows that Conservative voters were more likely than Labour voters to support it.¹⁶⁸

We also tested the importance of designing a fair social security system, based on the idea of contribution, relative to the importance of designing an adequate social security system. We did this by asking the UK public which of the following two statements comes closest to their view: "The benefits system should prioritise helping people who are in a difficult position, even if they did not previously pay tax contributions into the system" and "The benefits system should

168. Ryan Shorthouse and David Kirkby, "Give and take: how conservatives think about welfare", <https://brightblue.org.uk/wp-content/uploads/2017/03/Giveandtake.pdf> (2014), 55.

prioritise helping people who have paid into the system previously, even if that means providing less help for people in a difficult financial position”. As Chart 6.2 below shows, the UK public is divided on what matters more.

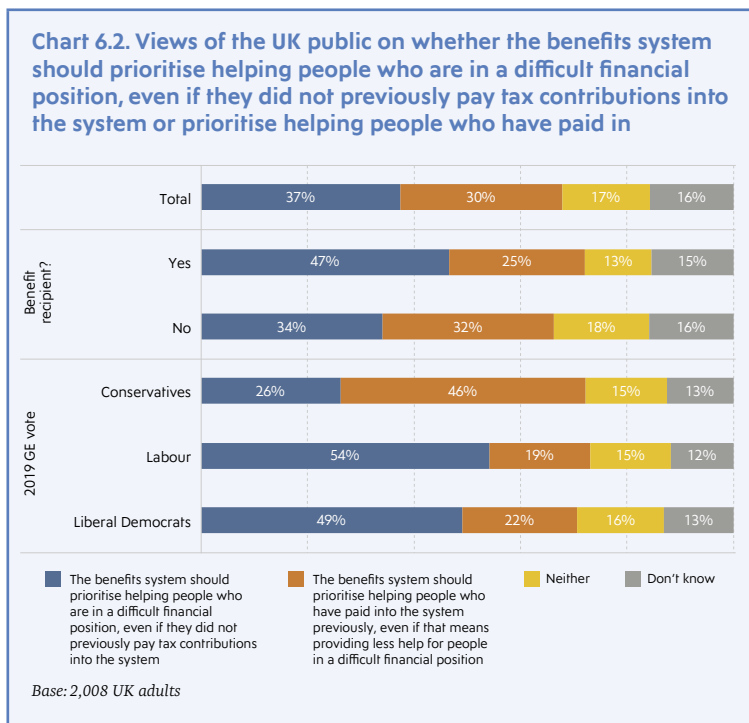


Chart 6.2 above demonstrates that a narrow plurality of 37% of respondents say that “the benefits system should prioritise helping people who are in a difficult position, even if they did not previously pay tax contributions into the system” comes closest to their view, while 30% say that “the benefits system should prioritise helping people who have paid into the system previously, even if that means providing less help for people in a difficult financial position” comes closest to their view. This means that adequacy, albeit narrowly, matters more than

fairness, through the aspect of contribution, for the design of the social security system.

There is no notable difference between different groups of household income for preferring either statement, with all groups having a plurality agreeing that adequacy matters more.

Benefit claimants are 13 percentage points more likely than non-benefit claimants to say adequacy matters more (47% versus 34%), and less likely to say that fairness, through contribution, matters more (25% versus 32%).

Conservative voters are 20 percentage points more likely to say that fairness, through contribution, matters more (46%) compared to adequacy (26%).

In contrast, Labour voters and Liberal Democrat voters are more likely to say that adequacy matters more in the design of the social security system (54% and 49% respectively) compared to those who say fairness, through contribution, matters more (19% and 22% respectively).

In contrast to our polling, which found the public broadly split on the question of whether the social security system should prioritise helping those who have previously paid into the system or those who are most in need, our qualitative work reveals that a majority of participants agree that the social security system should prioritise people on the basis of current need, rather than prior contribution. Interestingly, a majority of participants in the Conservative voter and Experience-of-Universal-Credit focus groups were sceptical of the concept of a social security system that rewards those who have previously contributed into the system via their taxes with more generous payments, rather than focus those on need, though this concept did find some support in the Labour voter focus group.

“It should be based on what people need, not on what they’ve contributed.”

Participant 2, Conservative voter group

“It would be nice to have more if you put in more but... I don't want to see people on the streets, in relative poverty.”

Participant 4, Conservative voter group

“I think it should just be a standard payment for everyone, it doesn't matter how much you worked.”

Participant 6, Experience-of-Universal-Credit group

There was even a fear among these participants in both the Conservative voter and Experience-of-Universal-Credit focus groups that a social security system that doled out greater rewards to claimants based on their previous contribution would be dangerously divisive, and possibly not even truly reflective of a claimant's level of desert.

“...it's going to create a divide...I just accidentally got a job at [a bank]...it's not like I was the smartest. I was just lucky.”

Participant 5, Conservative voter group

“I just feel like if [people that pay more taxes receiving more from the social security system] was the case, that creates more division and more politics in terms of how things are being distributed.”

Participant 3, Labour voter group

It is important to note that the discussion in our focus groups was focused on the trade-off between providing people with adequate support and rewarding contribution, which highlights that while people broadly welcome the idea of the role of contribution in the social security system, they are much less likely to do so if it is likely to negatively impact those most in need.

Overall, our fieldwork results echo the various findings from recent research on the contributory social security. When it comes to polling, support for the contributory principle varies to the extent to which it is posed as a trade-off between helping those who contributed more and helping those who are in need. Policy Network found in 2012 that 41% of the UK public thought unemployment benefits should only be available to those who have contributed into the system, while 24% thought they should be targeted on the basis of need only.¹⁶⁹ Demos, in 2013, found that 50% of the public supported the idea that unemployed people should receive benefits on the basis of their previous contributions.¹⁷⁰ Centre for Policy Studies, in 2021, found that 36% of the UK public agreed more with the idea that the benefit system should do more to help those people who have previously paid into the system, while 44% agreed more that the benefit system should be based on only how much help they need, regardless of their work history. Research from previous Bright Blue research, in the 2017 *Give and Take* report, found that 50% of Conservative voters, and 24% of Labour voters, wanted benefits to be prioritised to those who have contributed to the system, echoing the political split we found for the negative contributory principle.¹⁷¹

169. Patrick Diamond and Guy Lodge, "European welfare states after the crisis: changing public attitudes", https://www.ippr.org/files/images/media/files/publication/2013/01/Welfare%20States%20after%20the%20Crisis_10272.pdf (2013).

170. Bobby Duffy et al., "generation strains: a Demos and Ipsos MORI report on changing attitudes to welfare", https://www.demos.co.uk/files/Demos_Ipsos_Generation_Strains_web.pdf (2013), 18.

171. Ryan Shorthouse and David Kirkby, "Give and take: how conservatives think about welfare", <https://brightblue.org.uk/wp-content/uploads/2017/03/Giveandtake.pdf> (2014), 55.

One notable development in polling of the contributory principle that should be noted is the long-term decline in its polling in regular large-scale surveys, most notably the British Social Attitudes Survey (BSAS). Unlike adequacy, which is focused on extensively in BSAS, no questions about the contributory principle are directly asked, putting it to a notable contrast to regular surveys pre-1980s.¹⁷² This change reflects the broader decline in working age contributory-based social security in the UK that has occurred since 1950s, as noted in Chapter One.

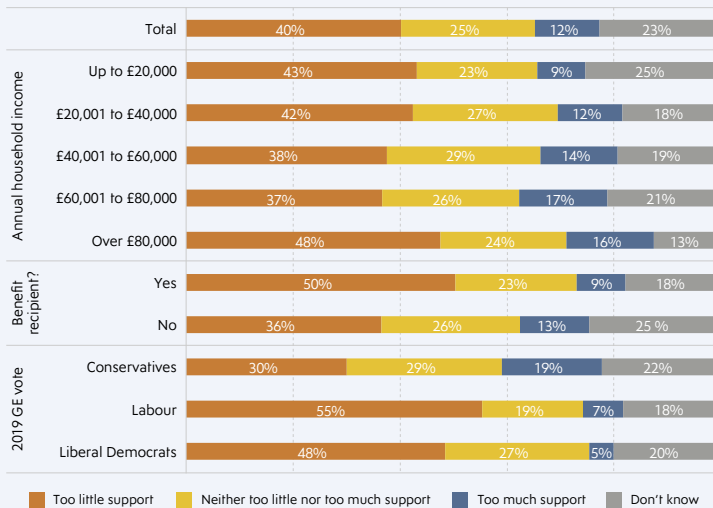
The fairness of the social security system

Having established the importance of contribution to the design of social security among the UK public, we then tested attitudes on whether the system was actually fair using this measure. We asked this generally, and so without references to ‘before’ or ‘during the pandemic’ – although it should be noted that the fieldwork was done towards the end of the pandemic, as outlined in Chapter Two.

To assess the extent to which the social security system is seen as rewarding contribution, we asked our respondents whether they feel that people receive too much or too little support for the contributions they make to the social security system through paying taxes. A plurality of the UK public says that people receive too little support for the contributions they make into the social security system through paying taxes (40%), as demonstrated in Chart 6.3 below.

172. John Hudson et al., “Winning Support for the Safety Net: Exploring the Historical Evidence”, https://assets.ctfassets.net/6sxvmndn0s/5jQuz6hRP3GTMucdn7CVTl/d265550239b06d784fccc08b06a780cb/Winning_Support_for_the_Safety_Net_-_Short_Report.pdf (2016).

Chart 6.3. Views of the UK public on whether they feel that people receive too much or too little support for the contributions they make through paying taxes, by household income, benefit claimant status and 2019 General Election vote



Base: 2,008 UK adults

Only small differences are found across different household income groups, as shown by Chart 6.3 above. We find that 43% of those living in a household with an income less than £20,000 believe that people receive too little support for the tax contributions they make, and this increases marginally to 48% among those living in a household income of more than £80,000. On the other hand, only 9% of those living in a household income of less than £20,000 believe people receive too much support, compared to 16% among those living in a household income of more than £80,000

Benefit claimants are 14 percentage points more likely than non-benefit claimants to say that people receive too little support for the contributions they make to the social security system through paying taxes (50% versus 36%) and marginally less likely to say too much

support is received (9% versus 13%).

Conservative voters are the least likely voter group to say that people receive too little support for the contributions they make into the social security system through paying taxes rather than that they receive too much (30% versus 19%), in comparison with Labour voters (55% versus 7%) and Liberal Democrat voters (48% versus 5%).

Among the focus group participants, there was an understanding that they themselves may never recoup payments commensurate to what they have paid into the social security system through tax. Such participants were content with this knowledge, and in the Conservative voter focus group, positive comparisons with insurance policies were drawn to justify this reality.

“...it's kind of like having an insurance policy behind you. I've paid tax so that if I needed it, it was there.”

Participant 1, Conservative voter group

However, in the Conservative voting focus group, there was a single participant, and several participants in the Labour voting focus group, who felt that what they did, or might, receive from the social security system was too little in comparison with what they had paid in through taxes and that this was problematic.

“I don't think I get value for money from [the social security system] ...The amount I would get [if I claimed benefits] would be nowhere near the amount that I've put in.”

Participant 6, Conservative voter group

“...there's lots of people that have never worked and paid any taxes. Why should they get benefits?”

Participant 2, Labour voter group

“I’ve paid a lot of tax over the years. I mean you would expect to...get rewarded for that...”

Participant 3, Labour voter group

Conditionality as a form of fairness

We started with the notion that that a fair social security system would in part be one which rewards people for paying into the system, so the level of support you can get is linked with your previous contribution. We might also extend this to adherence to the rules for receiving social security; that a fair system grants people resources if they contribute by following the rules.

As part of our research, we have also investigated attitudes to conditionality in the UK’s social security system. Conditionality refers to the presence of certain requirements that benefit recipients have to fulfil to claim and to continue receiving benefits. In the context of the UK’s social security system, working age people on low incomes face conditionality when claiming UC, JSA, ESA and IS, with the conditionality regime they are facing described in detail in Chapter Three.

We asked the UK public to simultaneously consider two statements, fully described in Table 6.4 below, and to identify which of the two is closest to their view. The three pairs of principles of the social security system we put against one another are: accessibility versus conditionality within the social security system; the presence versus the lack of conditionality for those who are already in work; and prioritisation of quantity versus quality when setting conditions for finding a job for those who are unemployed.

Table 6.4. Proportion of UK adults responding that they agree more with a particular statement in reference to principles of the social security system

Statement 1	Agree % (1)	Neither	Agree % (2)	Statement 2
The social security system should be accessible by all those who have limited financial resources, without needing to fulfil strict conditions and rules (Accessibility)	40%	14%	32%	Accessing the social security system should be subject to strict conditions and rules, even if it means not everyone who has limited financial resources will get it (Conditionality)
The government should focus on providing financial support for low-income workers without setting any conditions for them, such as looking for better paid work or for more hours (No conditionality for low-income workers)	35%	18%	33%	The government should place conditions on low-income workers to receive financial support, such as looking for better paid work or for more hours (Conditionality for low-income workers)
The government should focus on getting as many unemployed people into a job as possible, even if the job does not suit them well (Prioritising quantity)	37%	11%	41%	The government should spend time on matching unemployed people to jobs which fit their skills, even if it means that they are receiving unemployed benefits for longer (Prioritising quality)

Base: 2,008 UK adults

As can be seen in Table 6.4 above, the UK public respondents are divided in their support between all three pairs of statements, highlighting that conditionality is a more divisive element of the social security system. First, 40% of the UK public agree with prioritising accessibility within the social security system, while 32% support prioritising conditionality.

We only find limited differences among different household income groups on this trade-off, with those living in a household with income below £20,000 marginally more likely to agree more with prioritising accessibility in the social security system than those living in a household with income above £80,000 (47% and 43% respectively) and slightly less likely to agree more with prioritising conditionality (24% and 33% respectively). Similarly, benefit claimants are slightly more

likely to agree more with prioritising accessibility in the social security system than non-benefit claimants (48% and 37% respectively) and slightly less likely to agree more with prioritising conditionality (34%).

However, much more prominent differences emerge among different voter groups. Conservative voters are much less likely to agree more with prioritising accessibility in the social security system (26%) than both Labour (59%) and Liberal Democrat voters (52%) and are much more likely to agree more with prioritising conditionality (51%) than both Labour (16%) and Liberal Democrat voters (24%). Indeed, a majority of Conservative voters prioritise conditionality over accessibility.

The UK public are similarly divided on whether there should or should not be conditionality in the social security system for those on a low income, but already in work, with 35% agreeing more with there being no conditionality for low-income workers, while 33% agree more with the presence of conditionality for low-income workers.

There are notable differences in opinion between different household income groups. Those living in a household with income below £20,000 are much more likely to agree more with having no conditionality in the social security system for low-income workers than those living in a household with income above £80,000 (44% and 32% respectively) and much less likely to agree with having conditionality in the social security system for low-income workers (25% and 44% respectively).

Similarly, benefit claimants are much more likely to agree more with having no conditionality in the social security for low-income workers than non-benefit claimants (47% and 30% respectively) and much less likely to agree more with having conditionality in the social security for low-income workers (23% and 37% respectively).

We also observe significant variation across different voting groups. Only a minority of Conservative voters (24%) agree more with having no conditionality in the social security system for low-income workers, as opposed to pluralities of both Labour (48%) and Liberal Democrat voters (40%). Instead, a plurality of Conservative voters agrees more with having conditionality in the social security system for low-income

workers (48%), while only minorities of Labour voters (23%) and Liberal Democrat voters (25%) agree.

We also examined views on whether the social security system should prioritise quantity or quality of new jobs when setting conditions for unemployed people. Again, we find significant disagreement, with 37% agreeing more with the social security system prioritising the quantity of jobs found by those who are unemployed, while 41% agree more with the social security prioritising the quality of jobs found by those who are unemployed.

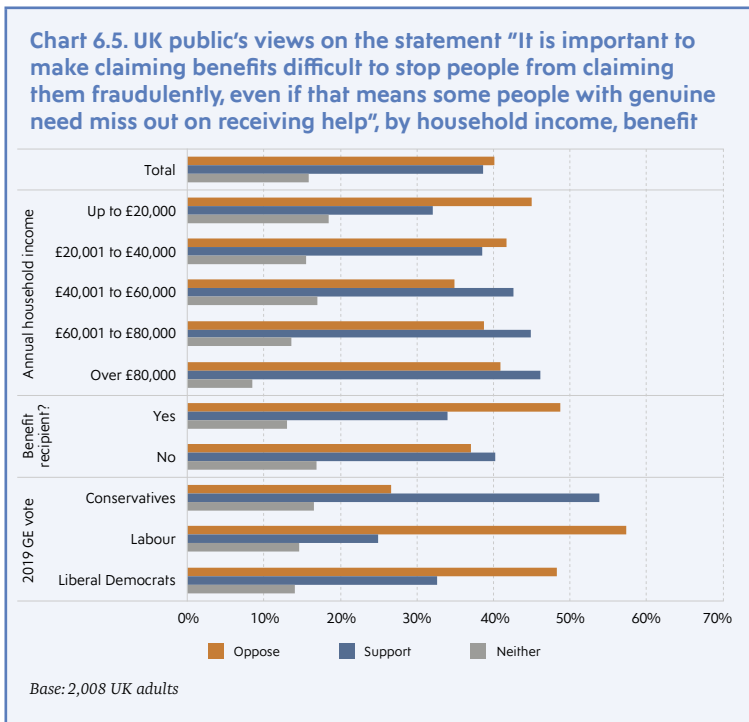
Again, there are major differences in opinion between different household income groups. Those living in a household with an income below £20,000 are much less likely to agree more with the social security prioritising the quality of jobs found by those who are unemployed than those living in a household with income above £80,000 (28% and 40% respectively) and more likely to agree with the social security prioritising the quality of jobs found by those who are unemployed (48% and 38% respectively).

Similarly, benefit claimants are much less likely to agree more with the social security system prioritising the quantity of jobs found by those who are unemployed than non-benefit claimants (27% and 41% respectively) and more likely to agree more with the social security prioritising the quality of jobs found by those who are unemployed (47% and 39% respectively).

Once more, we also discover significant variation across different voting groups. A majority of Conservative voters (56%) agree more with the social security system prioritising the quantity of jobs found by those who are unemployed, as opposed to minorities of both Labour (25%) and Liberal Democrat voters (21%). On the other hand, only a minority of Conservative voters agree more with the social security prioritising the quality of jobs found by those who are unemployed (27%), while majorities of Labour (58%) and Liberal Democrat voters (50%) agree.

Finally, to probe further the balance between making social security

more conditional to make it difficult to access to stop those who do not deserve them from claiming them and ensure those who do deserve them actually receive them, we measured support for the following statement: “It is important to make claiming benefits difficult to stop people from claiming them fraudulently, even if that means some people with genuine need miss out on receiving help”, as shown in Chart 6.5 below.



As Chart 6.5 above illustrates, our respondents are divided in their support and opposition for this statement. Thirty-nine percent of respondents support the statement, while 40% oppose it.

Support for the statement increases as we look at higher income brackets, with only 32% of those living in a household with income

below £20,000 supporting it, compared to 46% of those living in a household with income above £80,000. Meanwhile, opposition marginally decreases from 45% to 41% when comparing these two household income groups. There is also some variation between benefit claimants and non-benefit claimants in terms of their support (34% versus 40%) and opposition to the statement (49% versus 37%).

We also find very significant variation among our respondents in terms of their support or opposition for this statement by 2019 General Election vote. Conservative voters are much more likely to support the statement (54%), than Labour voters (25%) or Liberal Democrat voters (33%). Conservative voters are also much less likely to oppose the statement (27%), than Labour voters (57%) or Liberal Democrat voters (48%).

The fairness of our social security relative to other countries

Having examined the UK public's attitudes to the importance and extent of contribution in the social security system, we now examine how fair are the UK's contributory working age benefits relative to comparable countries.

The UK's social security system for working age adults has been frequently criticised for having one of the lowest replacement rates for unemployed people in the developed world.¹⁷³ The replacement rate is the average proportion of previous wage covered by the social security system.

But the picture is more complicated when we consider different wage levels, family structures and lengths of unemployment, suggesting that the UK's social security system's main disadvantage compared to other systems is the failure to provide short-term income protection.

173. Josh Abey and Andrew Harrop, "Security for everyone: the public case for non-means-tested benefits", <https://fabians.org.uk/wp-content/uploads/2021/09/Security-for-everyone-Fabian-Society.pdf> (2021).

Box 6.1. The different types of social security systems

When comparing the UK's social security system for working age adults to those abroad in terms of how they treat people who become unemployed, it is important to consider that there is significant divergence in the design of social security systems for working age adults across the developed world.

To help navigate these differences, it is useful to outline the classic typology of social security systems in the developed world for working age adults,¹⁷⁴ which suggests there are three main types:

- **Liberal** (UK, Canada, Ireland): Liberal systems are characterised by a heavy emphasis on means-tested assistance, where most of the social security system is accessed on the basis of need. There is usually a limited use of universal benefit payments or contributory social insurance schemes.
- **Conservative** (Germany, France): Conservative systems are characterised by a heavy focus on compulsory social insurance, with employees making contributions to such social security schemes. In the past, conservative systems usually had a very limited number of universal and means-tested benefits, with the expectation that family-based assistance would help those in need. However, Conservative welfare systems have since tended to expand their universal and means-tested offer.
- **Social-democratic** (Denmark, Sweden): Social-democratic systems are characterised by a heavy focus on universal benefits, with an emphasis on a system that helps all people to achieve a higher standard of living. This results in a more significant tax burden to fund them. Social insurance schemes exist alongside universal benefits. However, means-tested benefits also exist to provide additional support to those in significant financial difficulties.

174. Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990).

It is important to note that the above categories are not distinct. Some nations, such as the Netherlands, have a hybrid system, where aspects of multiple system types are present. Furthermore, there has been significant convergence in recent decades of different social security systems, with increasing focus on means-testing for accessing the basic elements of social security systems.¹⁷⁵ Hence, the above typology should be seen as a rudimentary categorisation of social security systems.

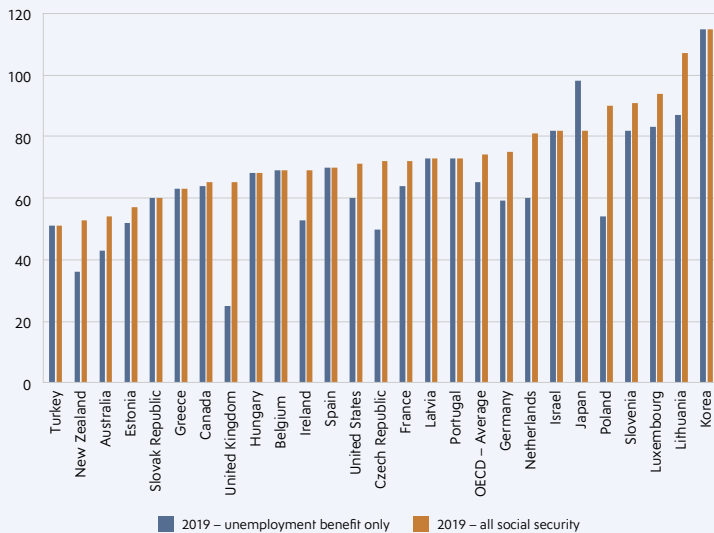
We will now illustrate how the UK's replacement rate compares to other countries in four different scenarios. For each, we illustrate two different net replacement rate levels: one which accounts only for benefits which are specifically designed for unemployment (which in the UK accounts for JSA or the standard allowance of UC), and another that accounts for all types of social security that such an individual is entitled to (which in the UK accounts for JSA or the standard allowance of UC, HB or the housing costs element of UC, CTR and CTC or child element of UC). This analysis will help to highlight how the lack of a contributory unemployment benefit makes the UK's social security system stand out from other developed nations.

We begin by considering the example of a single worker with no children, after three months of unemployment, who was earning a minimum wage¹⁷⁶ before becoming unemployed, as shown in Chart 6.6 below.

175. Werner Eichhorst and Paul Marx, "A Comparative Analysis of National Unemployment Benefit Schemes", https://docs.iza.org/report_pdfs/iza_report_101.pdf (2020), 4.

176. Note that not all OECD nations have legislated a national minimum wage rate.

Chart 6.6. Net replacement rate (%) after three months of unemployment for a single worker with no children previously on a minimum wage¹⁷⁷



Source: OECD (2022)

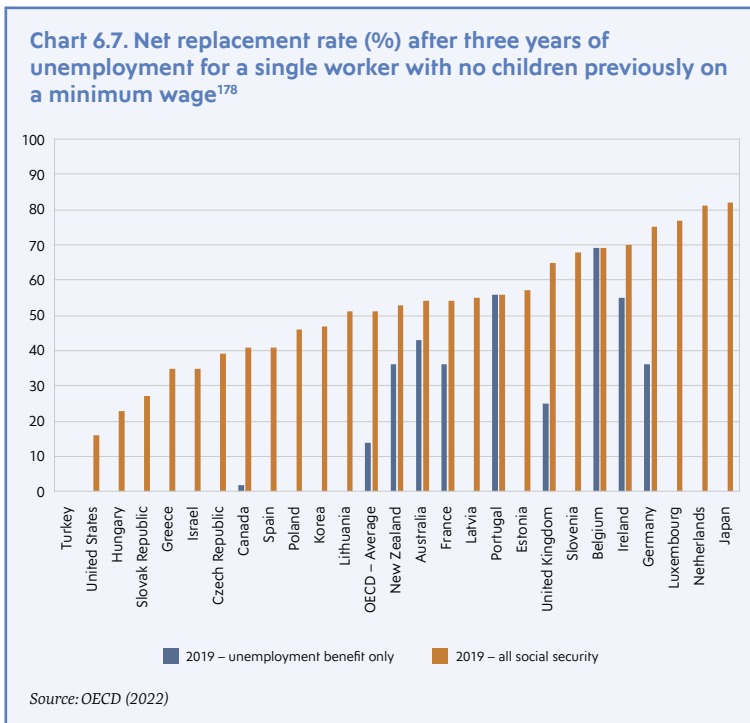
As shown in Chart 6.6 above, the UK's replacement rate for unemployment benefits, such as JSA or the standard allowance of UC, is particularly low in comparison to other nations in the first three months after loss of employment for a single worker with no children previously on a minimum wage: it was 25% in 2019, significantly lower than 43% in Australia, 53% in Ireland and 62% in Canada, which have a social security regime similar to the UK, and lower than 59% in Germany and 64% in France, with the OECD average replacement rate being 65%.

But the UK looks notably better, though still below the OECD average (75%), once we consider the replacement rate when accounting for

177. OECD, "Benefits in unemployment, share of previous income", <https://data.oecd.org/benwage/benefits-in-unemployment-share-of-previous-income.htm> (2022).

all social security for which an unemployed person with no children previously on a minimum wage is entitled to, including HB or the housing element of UC and CTR. Here, the UK's replacement rate rises to 65%, in comparison to 54% of Australia, 65% of Canada and 69% of Ireland, 75% of Germany and 72% of France, as shown in Chart 6.6 above.

The picture is significantly different for the long-term unemployed. After three years of unemployment, most OECD countries fully withdraw unemployment benefits, and provide lower levels of support than the UK through other parts of the social security system, as shown in Chart 6.7 below.

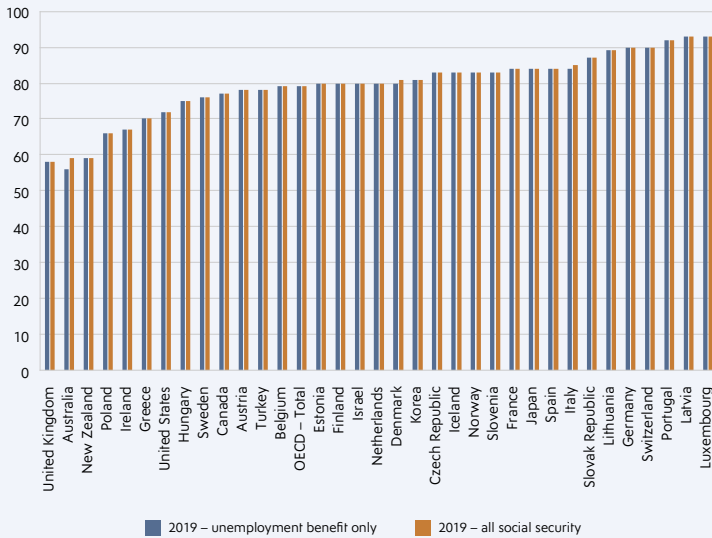


178. Ibid.

Three years after loss of employment, a single worker with no children previously on a minimum wage would still face a 25% replacement rate accounting for unemployment benefit only and a 65% replacement rate for all social security assistance in 2019, as shown in Chart 6.7. This puts the UK above the average OECD replacement rates on both counts, which is 14% when accounting for unemployment benefit only and 51% when accounting for all social security. The UK is also ahead of Canada (41%), Australia (54%) and France (54%) in terms of replacement rate for all social security, but still behind Ireland (71%) and Germany (75%), as shown in Chart 6.7 above.

The picture is similar for a scenario on the other end of the spectrum: loss of employment for a worker who is part of a couple, with two children, previously earning the median wage, as shown in Chart 6.8 below. As the replacement rate for unemployment benefit and for all social is very similar in each nation, we will focus only on replacement rate for all social security for this discussion.

Chart 6.8. Net replacement rate (%) after three months of unemployment for a worker in a couple, with two children, both of whom previously earned a median wage

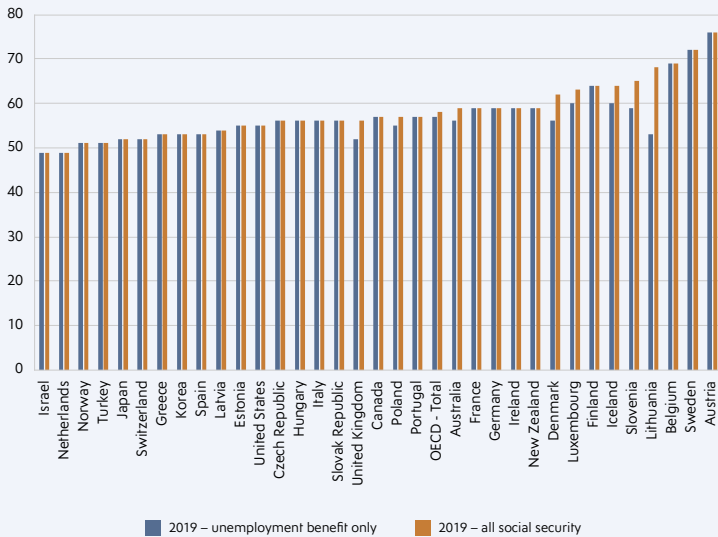


Source: OECD (2022)

The UK's replacement rate for all social security is the lowest in OECD in the first three months after loss of employment for a worker in a couple, with two children, where both earners were on a median wage: 58% in 2019, as shown in Chart 6.8 above. This is lower than the 59% replacement rate in Australia, 67% in Ireland and 77% in Canada, which also have a social security system. However, it is notably below the replacement rate seen in France (84%) and Germany (90%), which are conservative social security systems, and below Denmark (81%), which is a social-democratic social security system, while the OECD average is 79%.

But once again, the replacement rate for all social security in the UK looks comparatively better when looking at it for long-term unemployed couples with children previously on a median wage, as shown in Chart 6.9 below.

Chart 6.9. Net replacement rate (%) after three years of unemployment for a worker in a couple with two children where both earners were previously on a median wage



Source: OECD (2022)

Three years after loss of employment, a worker in a couple with two children, where both earners were previously on a median wage, faces a 56% replacement rate for all social security assistance in 2019 in the UK, as shown in Chart 6.9 above. This puts the UK slightly below the average OECD replacement rate of 58%. Australia (59%), Ireland (59%) and Canada (57%) offer a similar replacement rate for all social security, and so do France (59%), Germany (59%) and Denmark (62%). This indicates significant similarity across the OECD in how long-term unemployed with children are supported.

Overall, the UK's liberal social security system tends to provide relatively low level of income protection for those who become unemployed in the short-run, with replacement rates being low even when accounting for all elements of the social security system in

comparison to other developed systems. However, the UK's long-term unemployed receive income protection that is actually above average in comparison to other developed nations.

The main issue with the design of the UK social security system then is that, by providing a low level of income protection at the start, households face much more significant income volatility if their main earner loses their job. Higher income volatility has been found to be associated with a number of adverse consequences both in the UK and in other developed nations, including: increased chance of poverty and deprivation,¹⁷⁹ especially food insecurity;¹⁸⁰ impaired ability to make financial decisions;¹⁸¹ worse health and subjective wellbeing;¹⁸² and decline in educational outcomes for children in income-volatile households.¹⁸³

Having established that the UK has low short-term net replacement rates, causing adverse outcomes, because of the lack of contributory benefits, we now examine in detail the countries that have contributory elements.

Contributory unemployment social security systems in other countries

The UK is a notable outlier in terms of its unemployment benefit design. Unemployment social security systems in most developed nations, including almost all OECD members, are two-tier. They usually consist of a basic social assistance scheme, accessible to all through means-testing, and additional unemployment insurance, which usually requires a certain amount of employment history to access, but is

179. Matteo Richiardi and Zhechun He, "Measuring economic insecurity: A review of the literature", <https://www.iser.essex.ac.uk/research/publications/working-papers/cempa/cempa1-20.pdf> (2020), 3.

180. Joanna Smith-Ramani, David Mitchell and Katherine Lucas McKay, "Income volatility", https://www.aspeninstitute.org/wp-content/uploads/2017/12/AFN_2017_Income-Volatility_Final.pdf (2017), 3.

181. Colin West, Ashley Whillans and Sanford DeVoe, "Income Volatility Increases Financial Impatience" https://www.hbs.edu/ris/Publication%20Files/21-053_54843a1e-7599-4981-a829-bac3234830cc.pdf (2020), 3.

182. Lateef Akanni, Otto Lenhart and Alec Morton, "Income trajectories and self-rated health status in the UK", *SSM – Population Health* (2022).

183. Bradley Hardy, "Childhood Income Volatility and Adult Outcomes", <https://www.poverty.ac.uk/report-usa-housing-education-child-poverty/childhood-income-volatility-harms-adult-outcomes> (2012), 4.

generally more generous.¹⁸⁴ In contrast, receiving the UK's contributory unemployment benefits is almost identical to receiving the means-tested ones, as detailed in Chapter Three.

Unemployment insurance systems differ significantly in their design across different types of social security systems, but their existence itself is ubiquitous. To explore the options available, we have chosen to examine and compare the unemployment social security systems of four nations: Germany (conservative), Netherlands (hybrid conservative-social-democratic), Denmark (social-democratic) and Canada (liberal).

These case studies were chosen to showcase a range of unemployment insurance systems, placed within different types of social security systems, and with notably different design choices. They are not, necessarily, the unemployment insurance systems which are optimal: there are too many parameters to consider. Instead, case studies exist to highlight the range of viable options available to policymakers. However, each of the four systems examined below has three fundamental features in common:

- 1. Long-term fiscal sustainability.** All four social security systems below have a track record of being fiscally sustainable in the long-term, as outlined in the case studies below. Though they might fall into deficit during recessions or extraordinary crises such as the pandemic, there is evidence that they should run a surplus during normal economic conditions.
- 2. Positive impact on labour market participation.** The social security systems examined do not discourage re-entry and participation in the labour market. In fact, there is evidence that the systems are designed in such a way as to reduce the amount of time that people spend on benefits. Furthermore, unemployment rates in all four social security systems have remained at or below the OECD average since 2008 for the majority of the time.

184. Werner Eichhorst and Paul Marx, "A Comparative Analysis of National Unemployment Benefit Schemes", https://docs.iza.org/report_pdfs/iza_report_101.pdf (2020).

- 3. Exist alongside a broader safety net.** All four social security systems below utilise unemployment insurance as the first, but not last, social safety net. For those who do not have a work history, or have run out of their entitlement, a more basic provision of social security exists.

Case Study I: Germany

The German unemployment social security system is composed of two tiers: *Arbeitslosengeld* and *Arbeitslosengeld II*, with the first being contributory and time-limited and the second being means-tested and not time-limited.

Arbeitslosengeld (ALG) (Unemployment benefit)

ALG is a contributory benefit paid to those who have made contribution payments for at least 12 months in the previous 30 months.

ALG pays out 60% of the average net income of the individual (67% if you have children) in the last 12 months, up to a maximum value that depends on your region of residence, with western regions which have higher average salaries also having a higher maximum value.

The length of entitlement to *ALG* ranges from six to 12 months, depending on the length of a person's contribution (with a continuous 12-month contribution period being the minimum), but increasing to a maximum of 24 months for claimants over the age of 50, depending on their length of contribution.

To receive this benefit, claimants must: be capable of working at least three hours daily; be looking for a new job that allows them to once again pay social security contributions, meaning working at least 15 hours per week; and be available to participate in any programme undertaken by the local employment office. Unemployed claimants can reject job offers if they are unreasonable for a practical, legal or moral reason or for the first six months of entitlement if the offered job would

pay less than 70% of their previous wage.

Those who have resigned from their job or were fired due to misconduct are not entitled to receive *ALG* for 12 weeks and their overall length of entitlement can also be reduced, depending on the exact circumstances of their resignation.

By default, *ALG* is paid out immediately if the claim has been verified, but a waiting period is imposed if there is severance pay, depending on the amount of it. The waiting period does not reduce the length of entitlement.

The contribution rate for both employers and employees is currently 2.6% of an employee's salary, temporarily reduced to 2.4% during the pandemic and until the end of 2022.

The Federal Employment Agency, which administers *ALG*, has a requirement to build up a reserve fund from any surplus. Pre-2020, German's Federal Employment Agency, had been running a surplus since 2013, leading to a reduction in the level of contribution employees had to make from 6.5% and 2.4%.¹⁸⁵ However, the Federal Employment Agency has been running a deficit since 2020 due to the COVID-19 pandemic and is projected only return to an annual surplus from 2023 and to an overall surplus by 2027.¹⁸⁶

It is possible to start a business while receiving *ALG*, with the government providing an additional grant with a flat value for up to 15 months while the business is being started. In return, the claimant needs to have a developed business and financial plan, along with a personal statement and references that are submitted to the Federal Employment Agency.

Entitlement to *ALG* is also passported to recipients of sickness benefits, parents of children under the age of three and caregivers. However, self-employed people (who had opted out of paying into *ALG*), civil servants

185. Nicola Duell and Tim Vetter, "The employment and social situation in Germany", [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/648803/IPOL_STU\(2020\)648803_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/648803/IPOL_STU(2020)648803_EN.pdf) (2020).

186. Federal Employment Agency, "Budget of Federal Employment Agency well positioned for upcoming tasks", <https://www.arbeitsagentur.de/en/press/en-2021-38-budget-of-federal-employment-agency-well-positioned> (2021).

and people in marginal employment (part-time and low-wage) are not entitled as they do not pay insurance.

Arbeitslosengeld II (ALG II) (Unemployment benefit II)

ALG II is a non-contributory, means-tested benefit for those who are able to work, with eligibility based on household income and wealth, and financed through general taxation. Unemployed people who lack a sufficient contribution history, or have exhausted the length of their entitlement to *Arbeitslosengeld*, are able to claim *ALG II* instead. Anyone applying for *ALG II* must enter an agreement with the local social security office in which they promise to take specific actions to find work, either through job searches or training, during which the office will provide support.

The standard allowance can be supplemented in a number of ways depending on the exact circumstances of the individual, including higher monthly allowances for people with children or disabilities, additional allowances for housing and heating costs. One-off allowances for costs of living are also available, such as for moving house, baby goods for pregnant women and the cost of buying and maintaining disability aids. Thus, the net replacement rate varies depending on the specific circumstances of the household, but everyone over the age of 25 is entitled to €449 each month if they are single, or €404 each month if they live as part of a couple.

If another member of an unemployment claimant's household is incapable of work, then that particular member also receives *Sozialgeld* (social allowance) to provide them a minimum standard of living. The most recent reforms to the unemployment social security system, known as *Hartz IV*, which were introduced in 2004 and reduced the entitlement to the contributory element, have a significant evidence base for helping to both reduce long-term unemployment¹⁸⁷ and to

187. Brigitte Hochmuth et al., "Hartz IV and the Decline of German Unemployment: A Macroeconomic Evaluation", <https://repec.iza.org/dp12260.pdf> (2019).

maintain levels of unemployment at a lower rate in 2010s compared to other European countries.¹⁸⁸

However, it is necessary to acknowledge that the Hartz IV reforms have been criticised for some of its impacts: for example, one study has found that while the reforms did reduce the length of unemployment, they also led to a reduction of wages of up to 4% for those who regained unemployment after the reforms compared to those who re-entered the labour market before the reforms.¹⁸⁹

Case Study II: Netherlands

The Dutch unemployment social security system is composed of two tiers: *WW-uitkering* and *Arbeitslosengeld II*. *WW-uitkering* is a contributory benefit and is time-limited, while *Arbeitslosengeld II* is a means-tested benefit and not time-limited.

WW-uitkering (Unemployment Insurance)

WW-uitkering is the main unemployment benefit, which provides temporary income support to those who were in employment for at least 26 weeks out of the previous 36 and are both capable of and looking for employment. This is funded through a combination of general taxation and employer unemployment premiums, with the latter being compulsory to pay for all businesses.

WW-uitkering provides up to 75% of claimants' daily wage, calculated using the average monthly wage of the previous 36-week period. This rate decreases to 70% after the first two months. There is an absolute daily cap on the value of *WW-uitkering* which can be received by a claimant.

The length of entitlement to *WW-uitkering* varies depending on the

188. Benjamin Hartung, Philip Jung and Moritz Kuhn "What Hides behind the German Labor Market Miracle? Unemployment Insurance Reforms and Labor Market Dynamics", <https://docs.iza.org/dp12001.pdf> (2018).

189. Jake Bradley and Alice Kugler, "Labor Market Reforms: An Evaluation of the Hartz Policies in Germany", https://nottingham-repository.worktribe.com/preview/2551603/Hartz_reforms.pdf (2019).

employment history of the claimant. The default duration is three months but is extended if a claimant has a work history of more than 208 hours for at least four out of the last five years. For the first additional ten years of employment, each year of employment provides one additional month of entitlement. From the 11th year, each year provides 0.5 additional months of entitlement, up to a maximum of 24 months.

To continue to receive *WW-uitkering*, the claimant must be making their best efforts to find a new job by sending in applications, attending interviews and accepting suitable work if offered. Government offices must be updated monthly on their progress. Failure to fulfil these obligations leads to increasing rates of deductions, outright suspension or the imposition of fines, depending on the severity and frequency of failure to meet these obligations. Furthermore, to qualify for receiving any amount of unemployment insurance, the unemployment must not have occurred through a fault of the claimant.

Those in receipt of *WW-uitkering* are able to pursue training or education and do not have to make job applications during their learning if it has potential to boost their employment chances. Recipients of *WW-uitkering* also have an opportunity to start a business while on the benefit, though the level of payments is usually reduced to 49% of claimants' daily after an initial six-week 'start-up' period for the rest of the benefit eligibility period.

Employees are subject to a 27.65% social security contribution paid out of their gross salaries, which is part of the general taxation system, while employers pay an unemployment premium of between 2.94% and 7.94%, based on the duration of the contract.

As the Dutch unemployment social security system is funded primarily through broader social security spending, evidence of its long-term fiscal sustainability is linked to the broader fiscal performance of the Dutch government. Before the pandemic, they were in a relatively strong position, with government debt falling to 48.5% of GDP in 2019 and only rising

to 52.1% in 2021.¹⁹⁰ Spending on unemployment benefits has remained stable between 2000 and 2019, varying between 0.81% and 1.59% of GDP and increasing or decreasing in line with overall economic outlook.¹⁹¹ Main concerns about the long-term fiscal sustainability of social security are related to the ageing population and the potential incentives for older workers to leave the labour force early rather than the broad design of the unemployment social security system.¹⁹²

The most recent significant reform to the Dutch unemployment social security system was in 2006, which saw an increase in the value of *WW-uitkering* for the first three months, but a shorter total duration, as described below, with the intention of improving speed of regaining employment.¹⁹³ Research suggests that this has improved the job-finding rate, but had no change on post-unemployment earning as individuals were more likely to pursue lower-paying jobs.¹⁹⁴

Sociale Bijstand (Social assistance)

Unemployed people who are not entitled to *WW-uitkering*, or whose eligibility has lapsed, can apply to municipal governments for *Sociale Bijstand*, which does not require any employment history and is means-tested. *Sociale Bijstand* is financed through general taxation. An individual can only access *Sociale Bijstand* if they do not have significant capital, with the household's entire income being taken into account. For adults over 21, the value of *Sociale Bijstand* is 70% of the minimum wage (€1229 in 2022) for those who are single, and 100% of the minimum wage (€1756 in 2022) for those who live as part of a couple.

Continued receipt of *Sociale Bijstand* requires a claimant to register

190. Benjamin Carton and Armand Fouejieu, "Assessing Dutch Fiscal and Debt Sustainability", <https://www.imf.org/en/Publications/WP/Issues/2020/12/04/Assessing-Dutch-Fiscal-and-Debt-Sustainability-49772> (2020).

191. OECD "Public unemployment spending", <https://data.oecd.org/socialexp/public-unemployment-spending.htm> (2022).

192. Yvonne Adema and Iris van Tilburg, "Zorgen om morgen", <https://www.cpb.nl/sites/default/files/omnidownload/CPB-Vergrijzingsstudie-2019-Zorgen-om-morgen.pdf> (2019).

193. Paul de Beer and Trudie Schils, *The Labour Market Triangle* (Cheltenham: Edward Elgar Publishing, 2009).

194. Nynke de Groot and Bas van der Klaauw, "The Effects of Reducing the Entitlement Period to Unemployment Insurance Benefits", https://conference.iza.org/conference_files/DC_2014/de_groot_n9207.pdf (2014).

with the local employment agency, actively search for work and provide evidence for doing so to the employment agency when asked.

Sociale Bijstand levels are lowered if claimants fail to fulfil these obligations. Job search requirements are only relaxed if the claimant has a child under the age of five, or under twelve if no immediate childcare arrangements are available.

Case Study III: Denmark

The Danish unemployment social security system is also ordered in two tiers: *Dagpenge* and *Kontanthjælp*, with the first benefit being contributory, time-limited and paid through unemployment insurance funds, while the second benefit is means-tested, not time-limited and paid by the state.

Dagpenge (Unemployment Insurance)

Dagpenge is a contributory benefit paid to members of an unemployment insurance fund. It is paid to those who have contributed to the fund for at least one year. Membership in an unemployment insurance fund is optional for employees, but participation is widespread, standing at 71% of all Danish workers in 2022.¹⁹⁵ Membership requires earning a minimum level of salary.

Dagpenge pays out 90% of the average income from employment in the last 24 months, though there is a fixed upper limit that prevents higher-income earners from receiving the full 90%. Special exceptions are made for recent graduates, who are able to join an unemployment insurance fund immediately after finishing their degree, but only receive 71.5% of their previous income from employment (or 82% if they have dependent children).

The length of entitlement to *Dagpenge* is two years in total, which need

195. Statistics Denmark, "Employees", <https://www.dst.dk/en/Statistik/emner/arbejde-og-indkomst/beskaeftigede/loenmodtagere> (2022).

to be used within three years. After those three years have elapsed, you need to once again meet the contribution requirements before you can be entitled to *Dagpenge*. It is possible to extend the length of entitlement to three years while claiming *Dagpenge* through work: one week of work will allow a claimant to claim an additional two weeks of *Dagpenge*.

To claim and continue receiving *Dagpenge*, a claimant must be registered with a job centre and be actively seeking employment. This includes being ready to accept a new job, or appear for an interview or training, with one day's notice. Refusing a job, or failing to take part in mandated training, places a claimant in a 'quarantine', meaning *Dagpenge* is suspended for three weeks. Two periods of quarantine in a 12-month period leads to disqualification from *Dagpenge*.

Claimants who were dismissed from their job with due cause, or resigned of their own volition, also face a three-week quarantine before they can claim *Dagpenge*.

It is possible to start and operate a business while claiming *Dagpenge*, though during the claim period, you must both be seeking and be available for taking on a full-time job, practically limiting the usage of *Dagpenge* to start-ups or side-gigs.

Dagpenge is financed primarily through a tax known as the 'labour market contribution' (8% of income) paid by all employed and self-employed people, regardless of whether one is a member of an unemployment insurance fund or not. This is then significantly topped up through members' contributions. Levels of contributions vary between different unemployment insurance funds. Part-time workers can take part in the scheme and are required to pay in lower levels of contributions.

In terms of fiscal sustainability, *Dagpenge's* funding has required additional government spending for the majority of time since 2000, though the system has been implicitly designed with the assumption that top-ups would be required to address adverse selection issues.¹⁹⁶ However,

196. Dagpengekommisionen, "Arbejdsrapport: Nuværende finansieringskilder for dagpengesystemet", <https://bm.dk/media/6122/nuvaerende-finansieringskilder-for-dagpengesystemet-pdf.pdf> (2015).

while some reforms have been introduced in both late 2000s and late 2010s to tighten eligibility and shorten duration, the long-term fiscal sustainability of *Dagpenge* is only at risk from the broader ageing population.¹⁹⁷

Overall, the Danish unemployment social security system is part of a broader ‘flexicurity’ approach to the labour market, where the emphasis is placed on providing flexibility, by making it relatively easy to both hire and fire employees, but also security, through both the level of fiscal and educational support available, and through strict jobseeking requirements.¹⁹⁸ Research has shown that the design of the unemployment social security system in Denmark has contributed to rapid improvement in unemployment in the 1990s¹⁹⁹ and 2010s.²⁰⁰

Kontanthjælp (Social assistance)

Unemployed people who are not entitled to *Dagpenge*, or whose eligibility has elapsed, can instead apply for *Kontanthjælp*. *Kontanthjælp* is a non-contributory, mean-tested allowance which is financed through the same 8% ‘labour market contribution’ as *Dagpenge*.

An individual is only entitled to it if they have exhausted other avenues for receiving support and do not hold any significant assets. All those applying for *Kontanthjælp* are subject to similar job activation rules as those receiving *Dagpenge* if they are fit to work, meaning they must be ready to accept a new job, or appear for an interview or training, with one day’s notice.

The rate of *Kontanthjælp* varies significantly depending on the personal circumstances of the claimant, and will depend on level of education, age, living arrangements, presence of any dependants and presence of long-term health conditions, with no single base level of support. Additional

197. Dagpengekommisionen, “Dagpengemodellen: Teknisk analyserapport”, https://bm.dk/media/6097/teknisk_analyserapport-pdf.pdf (2015).

198. Sonja Bekker and Mikkel Mainland, “The European flexicurity concept and the Dutch and Danish flexicurity models: How have they managed the Great Recession?”, *Social Policy Administration* (2018).

199. Per Kongshøj Madsen, “Denmark: Flexibility, security and labour market success”, https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_120388.pdf (1999).

200. Thomas Bredgaard and Per Madsen, “Farewell flexicurity? Danish flexicurity and the crisis”, *Transfer* (2018).

allowance is paid if a claimant has children or needs help with housing costs. Further specialised aid is available for those with complex needs or those participating in education or training.

The level of *Kontanthjælp* is reduced by up to 6.8% if the recipient is able to work and has received *Kontanthjælp* for a total of one year in the previous three years and has not performed at least 225 hours of work in the previous 12 calendar months.

Case Study IV: Canada

The Canadian unemployment social security system contains two key elements: employment insurance and social insurance, with the first benefit being contributory, time-limited and administered at a federal level, while the second benefit is means-tested, not time-limited and is administered at provincial level.

EI (Employment Insurance)

EI is a contributory benefit that provides income support to those who have paid the federal insurance premium rates for at least one year. The premium needs to be paid by both employees and employers for most forms of employment, meaning that 82% of Canadian workers were eligible to receive *EI* in 2019.²⁰¹ Currently, *EI* is undergoing an extensive consultation for reform to make its coverage universal,²⁰² including all self-employed and seasonal and other temporary workers.

EI pays out up to 55% of previous earnings, calculated on the basis of 14 to 22 of the ‘best-earning’ weeks in the previous qualifying period, which is up to a year. There is an absolute cap on how much a worker can receive. An additional family supplement is available

201. Statistics Canada, “Employment Insurance Coverage Survey, 2019”, <https://www150.statcan.gc.ca/n1/daily-quotidien/201116/dq201116b-eng.htm> (2020).

202. Employment and Social Development Canada, “Modernizing Canada’s Employment Insurance (EI) Program: Consultations – The What we heard report (Phase 1)”, <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/consultations-what-we-heard-phase1.html> (2022).

to claimants with children, which increases *EI*'s value up to a level of 80%, depending on the exact number and age of the children.

The length of entitlement to *EI* varies between 14 and 45 weeks, depending on the local unemployment rate and the number of hours of insurable employment a person has worked in the last 52 weeks. A higher local unemployment rate and a higher amount of insurable unemployment both act to increase the maximum length of entitlement. If claimants reapply for *EI* less than 52 weeks after their previous claim, then the insurable hours they have worked in-between will count towards their entitlement length instead.

There is a one week waiting period before eligible people are able to receive *EI* and the first payment is usually made around 28 days after submitting an application.

To continue to receive *EI*, claimants must continuously show that they are able to work, available for work and are actively looking for work. This includes keeping a detailed record of their job search efforts, such as preparing a CV, attending interviews and networking. A job that is deemed suitable needs to be accepted by the claimant or their *EI* benefits could stop for up to 12 weeks. Furthermore, the loss of the job must have happened through no fault of the claimant.

It is possible to pursue education or training while receiving *EI*, though the claimant must continue to be seeking employment and be ready to cancel or adjust their training if they receive a job offer. However, specialised training programmes exist for specific groups of *EI* recipients. Similarly, those starting a new business must also continue to seek employment and be ready to drop it if they find a new job.

In most of Canada, the current employment insurance premium is 1.73% on employee earnings, while employers contribute 2.42% of their employees' earnings. Self-employed people are also able to access *EI*, though in a reduced manner, if they make contributions.

Before the pandemic, the Operating Account was shown to have the ability to be fiscally sustainable, returning to an overall surplus in 2015 after being in deficit due to the unemployment spike followed by the

Great Recession. This surplus remained in place until the pandemic, after which the *EI* entered a significant deficit, partly as a result of the Canada's Government utilising *EI* as its main method of financial support, rather than a furlough-style scheme. The account is expected to return to a surplus by the 2027-2028 financial year.²⁰³

Evidence around the current design of Canadian Employment Insurance suggests that it does not significantly impede people's incentives to re-enter the labour market, especially when paired with other active labour market policies.²⁰⁴

Social assistance

Unemployed people who are not entitled to *EI* or have exhausted their entitlement are able to access social assistance, which is administered by provincial, rather than federal, government. It is also funded through provincial budgets.

There are significant differences between provinces in terms of the level of payments, existence of additional elements for children and disability and conditions for receiving them. For example, in 2020, a single unemployed person without disability would only receive \$7,643 from welfare in New Brunswick, but \$13,005 in Quebec. However, active labour policies and interventions are attached to all provincial programs, requiring claimants to demonstrate their efforts to find a job or attend training.²⁰⁵

During the pandemic, an additional federal benefit, the Canada Emergency Response Benefit (CERB), was introduced for those who stopped working because of COVID-19, or were eligible for *EI*, or who exhausted their eligibility for *EI* during the initial stages of the pandemic.

203. PBO-DBP, "The Outlook for the EI Operating Account", <https://www.pbo-dpb.gc.ca/en/blog/news/BLOG-2021-010--outlook-ei-operating-account-projections-compte-operations-assurance-emploi> (2021).

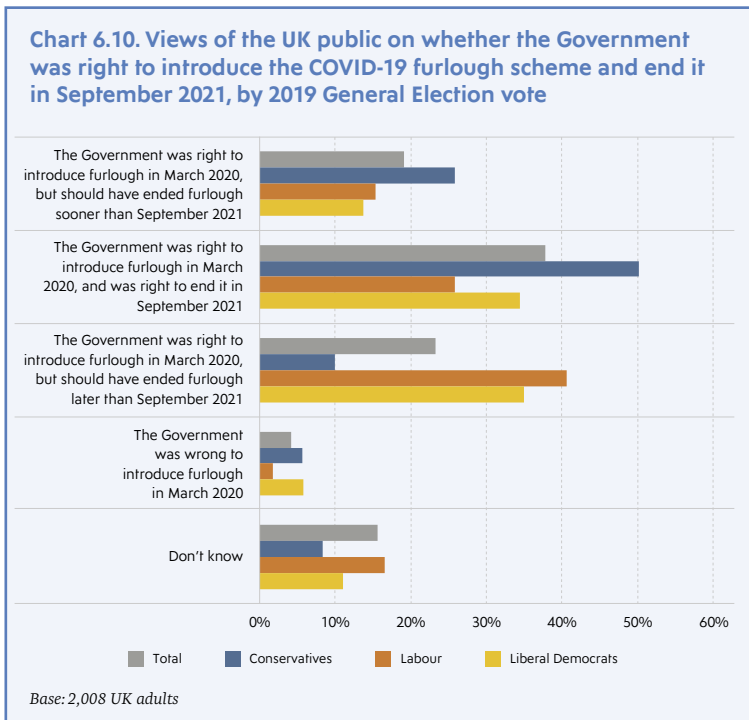
204. Employment and Social Development Canada, "Chapter 3: Impact and effectiveness of Employment Benefits and support to workers and employers (Part II of the Employment Insurance Act): LMDA Results", <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/monitoring2021/chapter3.html#h2.5> (2021).

205. Sean Casey, "Modernizing the employment insurance program", https://www.schoolofpublicpolicy.sk.ca/documents/research/policy-briefs/JSGS-policybriefs-Social-Assistance_WEB.pdf (2021).

The UK's furlough scheme during COVID-19

The UK is clearly exceptional in not having this two-tiered approach to social security for working age benefits, meaning that its short-term net replacement rate is relatively low, which impacts the adequacy of the overall system. However, it is worth flagging that during the pandemic, the UK did introduce a social security scheme that imitated the income-replacement aspect of contributory schemes we have just highlighted from overseas, which is the UK's furlough scheme (formally known as the 'Coronavirus Job Retention Scheme' (CJRS)).

When asked their opinions on the ending date of the furlough, we find that a plurality (38%) agree that the Government was right both to introduce it in March 2020, and end it in September 2021, as shown in Chart 6.10 below.

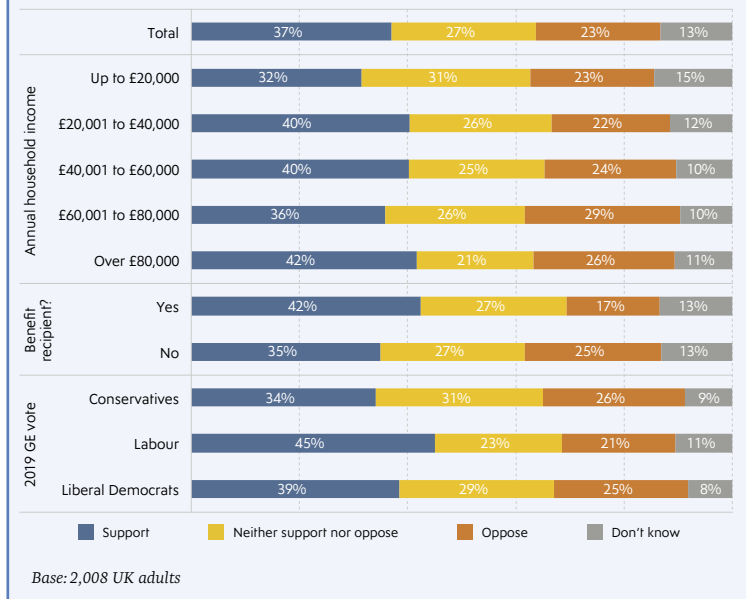


While plurality supported furlough's actual introduction and withdrawal date, there are significant minorities stating that it should have been ended sooner than September 2021 (19%) and that it should have been ended later than September 2021 (23%).

Variation by 2019 General Election vote does emerge on when it was correct to end furlough. While Conservative voters are most likely to say that the Government was both right to introduce it in March 2020, and end it in September 2021 (50%), only minorities of Labour (26%) and Liberal Democrat voters (34%) share the same view. Instead, Labour and Liberal Democrat voters are most likely to say that the Government was right to introduce furlough in March 2020, but should have ended furlough later than September 2021 (41% and 35% respectively), while only 10% of Conservative voters share the same view.

Alongside gauging their views on furlough, we also sought to establish the UK public's level of support for a potential future scheme that would function similarly to furlough. We asked respondents whether they would support or oppose the introduction of a scheme where government would pay for some of the wages of employees in businesses affected by an economic downturn for a short period of time, funded by an increase in National Insurance for all workers, as shown in Chart 6.11 below. We describe this as a furlough-style scheme below, as the COVID-19 furlough policy gave income protection to every employee regardless of any prior contribution.

Chart 6.11. Views of the UK public on the introduction of a furlough-style scheme in the future, by household income, benefit status 2019 General Election vote



A plurality of respondents (37%) say they would support the introduction of the furlough-style scheme, 23% say that they oppose it and 27% say that they neither support nor oppose it. However, it is notable that in terms of net support (14%), the furlough-style scheme comes significantly below most policy ideas for other contributory schemes discussed later in this Chapter, as shown in Table 6.12.

Support for the introduction of a furlough-style scheme is slightly higher among higher household income groups, with only 32% of those living in a household with income below £20,000 supporting it, and rising to 42% among those living in a household with income above £80,000, though all household income groups express plurality support. We do not find any significant difference in support between benefit

claimants (42%) and non-benefit claimants (35%).

All groups of 2019 General Election voters express plurality support for a furlough-style scheme. Conservative voters were the least likely voter group to support a furlough-style scheme's introduction (34%), compared to Liberal Democrat voters (39%) and Labour voters (45%).

However, scepticism towards introducing a furlough-style scheme in the future is much stronger in our qualitative research. The possibility of the COVID-19 furlough scheme or a similar scheme, being reintroduced was received with near-unanimous opposition across all three focus groups for two clear reasons: that it would be too expensive and that it would be open to abuse by employers. These criticisms of the concept of a future furlough-style scheme flowed directly from participants' negative assessment of the COVID-19 furlough scheme.

Participants across both the Conservative and Labour voter focus groups thought that the COVID-19 furlough scheme had resulted in too great a financial burden on the UK. In the Conservative voter focus group, there was a clearly expressed concern that the COVID-19 furlough scheme had been, or had been on the brink of, being unaffordable, and could not be repeated for that reason.

“ I don't think the country could afford something similar to [the COVID-19 furlough scheme] be rolled out ever again...it costs far too much money...I don't think...the country can afford to pay people to sit at home and do nothing.”

Participant 2, Conservative voter group

“ I agree that I don't think we can afford to do [a furlough scheme] again. It just costs too much...”

Participant 5, Conservative voter group

In the Labour voter focus group, concern about the affordability of a future furlough-style scheme and the COVID-19 furlough scheme was instead expressed through the sentiment that it is taxpayers' who are picking up the bill for the COVID-19 furlough scheme and that the Government was not transparent about that reality when it was introduced.

“Where do they get the money, where are they getting the money back from [to pay for the COVID-19 furlough scheme]? It seems like it's taxes.”

Participant 2, Labour voter group

“...it's robbed Peter to pay Paul, you've got to claw the money back from somewhere...”

Participant 3, Labour voter group

“It's a backhanded loan. You don't even know it's a loan.”

Participant 1, Labour voter group

The COVID-19 furlough scheme was also criticised for being open to abuse by companies and employers across all three focus groups, with participants quoting both news stories and personal anecdotes about how it was abused.

“...it was a great scheme in that it did protect people's jobs and...but I think it was abused.”

Participant 2, Conservative voter group

“I also think that the furlough scheme was open for abuse...like a lot of billionaires who had their own companies...used it...even Victoria Beckham.”

Participant 4, Conservative voter group

“A lot of companies took advantage of furlough, didn't they...claiming it when they shouldn't have done...”

Participant 2, Labour voter group

“...[The COVID-19 furlough scheme] was wide open to abuse.”

Participant 4, Experience-of-Universal-Credit group

That the COVID-19 furlough scheme had been abused fed into a view that emerged in the Experience-of-Universal-Credit focus group that participants that the scheme had been chaotic and poorly administered and that it was this that had facilitated abuse.

“...It wasn't thought through properly, no proper checks, just rushed through, wasn't it.”

Participant 6, Experience-of-Universal-Credit group

Asked to consider a potential introduction of a furlough-style scheme in response to another future national crisis, participants across all three focus groups were hostile on the basis of the criticism made of the COVID-19 furlough scheme. Mentions of changes or modifications which would reduce the generosity and cost of the scheme or would act to prevent fraud did not endear the participants to a furlough-style scheme.

It is notable that our qualitative findings on furlough conflict with other research on public attitudes towards it. For example, YouGov found in September 2021 that 59% of the UK public perceived it to be a success.²⁰⁶ Similarly, Redfield and Winton's polling in August 2021

206. Matthew Smith, “Time is right to end furlough scheme, say Brits”, <https://yougov.co.uk/topics/economy/articles-reports/2021/09/28/time-right-end-furlough-scheme-say-brits> (2021).

found that 69% of the UK public perceived it to be a success.²⁰⁷ Given that most of this polling was conducted no later than October 2021, while our polling was conducted in February 2022, after the Omicron wave of the pandemic, it is possible that this has impacted perceptions of furlough.

Support for contributory policies

Next, we decided to further test UK public views on support for six different policies that would all strengthen the contributory element of the social security system. As shown in Table 6.12. below, all of these contributory policies attract net support in total and across all demographic groups.

207. R&WS Research Team, "Majority of Britons Continue to Believe the Furlough Scheme to be a Success", <https://redfieldandwilsonstrategies.com/majority-of-britons-continue-to-believe-the-furlough-scheme-to-be-a-success/> (2021).

Table 6.12. Net support of UK public for introducing a range of new contributory social security schemes, by household income, benefit status and 2019 General Election vote

Policy proposal	Total	Annual household income					Benefit recipient?		2019 GE vote		
		Up to £20,000	£20,001 to £40,000	£40,001 to £60,000	£60,001 to £80,000	Over £80,000	Yes	No	Conservatives	Labour	Liberal Democrats
A voluntary scheme you and your employer would pay into which would provide you with a significant portion of your salary for up to six months if you became unemployed	42%	40%	46%	43%	40%	47%	48%	40%	45%	46%	47%
A 'rainy day' account which individuals have the option to pay into through paying more National Insurance, and the Government would top up, but which could only be accessed if you became unemployed	34%	30%	38%	39%	32%	28%	40%	32%	37%	43%	37%
A government-backed loan scheme for workers with long National Insurance contribution histories, from which they could borrow money if they became unemployed and would only need to repay once they are back in work	31%	20%	35%	38%	39%	41%	31%	31%	40%	30%	26%
A time-limited additional Universal Credit supplement paid to those with long National Insurance contribution histories	29%	21%	33%	34%	30%	27%	26%	30%	36%	28%	27%
A compulsory scheme you and your employer would pay into which would provide you with a significant portion of your salary for up to 6 months if you became unemployed	20%	16%	23%	29%	14%	10%	29%	17%	24%	20%	12%

Base: 2,008 UK adults

As illustrated by Table 6.12, a voluntary scheme you and your employer would pay into which would provide you with a significant portion of your salary for up to six months if you became unemployed enjoys the greatest level of net support (42%) of all new contributory policies we test, while a compulsory scheme you and your employer would pay into which would provide you with a significant portion of your salary for up to six months if you become unemployed, which is identical other than being compulsory, has the lowest level of net support (20%).

We find only small differences in net support for a voluntary scheme you and your employer would pay into which would provide you with a significant portion of your salary for up to six months if you became unemployed and across household income, benefit claimant and 2019 General Election groups this policy enjoys the greatest level of net support across all these groups.

In our qualitative research, we chose to focus on the additional contributory policy that received both the highest and lowest level of net support; namely, a scheme you and your employer would pay into which would provide you with a significant portion of your salary for up to six months if you became unemployed. So, across all three focus groups, we asked participants to consider whether they think the following policy, to be introduced as part of the social security system, is a good or bad idea:

“Employers, employees and self-employed people make monthly contributions to the scheme. If you then become unemployed, after making such contributions for at least a year, the scheme then pays out a significant portion of all of your salary to you. The longer you have paid made monthly contributions, the longer you can keep receiving support for the scheme. This scheme would not replace Universal Credit or other benefits. It would exist alongside it as an additional layer of income protection for those in work.”

Overall, this contributory scheme received a cautiously positive reaction, though participants across all three groups raised immediate questions about: how such a scheme would interact with Universal Credit payments; whether it would be compulsory or voluntary; and whether it would fall to employers or employees to make more significant payments into the scheme.

In the Conservative voter focus group, the scheme was nearly immediately unanimously supported in principle. However, despite this, the Conservative voter focus group still expressed strong concerns about whether employers or employees would pay in more, what would motivate employers to pay, and how the scheme would function for self-employed people.

“ I think it [my support] would depend on the amount, and also, whether it would be compulsory.”

Participant 2, Conservative voter group

“ What about self-employed people? If you're self-employed, what percentages would you be paying off your earnings?”

Participant 4, Conservative voter group

Similarly, when asked about this contributory policy, participants in the Labour voter focus group were immediately concerned about its affordability from the perspective of employees and were generally more sceptical to the viability of it.

“ I do think that it is a good idea, but it may just be unrealistic...many people may not be able to afford this. Especially with the current situation and the cost-of-living crisis...many people are struggling as it is...how will they be able to afford this?”

Participant 1, Labour voter group

On the other hand, participants in the Experience-of-Universal-Credit focus group were cautiously supportive of this contributory policy and noted that it would be a low-stigma way of accessing support. However, they also posed the most practical queries about the functioning of the scheme, including in terms of its interaction with taxation, UC payments and maternity or bereavement leave.

“ I wouldn't feel so bad about getting [contributory scheme payments], it's not affecting anyone else... you're not feeling like you're taking away from anyone because you paid it [in]. ”

Participant 4, Experience-of-Universal-Credit group

When asked whether such a policy should be voluntary or compulsory, participants across all three groups agreed that should it be introduced, it should be voluntary. Here, our fieldwork clearly aligns with our polling which establishes higher levels of net support for a voluntary rather than compulsory version of this scheme. Reasons given by participants in our fieldwork in support of a voluntary scheme included personal choice and worries that a compulsory scheme might lead to employers cutting staff to save costs.

“ ...why should this be compulsory...I don't want anyone telling me, 'okay you have to do this.' ”

Participant 4, Experience-of-Universal-Credit group

“ ...it could be a case [for employers] of 'I'm not paying it, so we'll reduce the workforce...' ”

Participant 3, Conservative voter group

In the Conservative voter focus group, participants felt that if such a contributory policy was introduced, employees should be the ones making the most significant payments. Similarly, the general view of

participants in the Experience-of-Universal-Credit focus group was that such a scheme should operate on the basis of matched payments from employers and employees or be employee-payment-led. On the other hand, there was no clear consensus among the Labour voter group.

Conclusion

This chapter highlights a number of perspectives around fairness of the UK's social security system for working age adults. First, it is clear that the UK is an outlier in terms of the short-term support provided by contributory benefits.

Second, it is clear that there is a public consensus that contribution is a critical part of the social security system, but that it should not come at the expense of ensuring a baseline level of adequacy. Furthermore, ensuring that the system is perceived as fair is not just about having contribution play a role, but also ensuring that conditionality is seen as a form of contribution.

In the final Chapter, we propose a set of policies to significantly improve the UK's social security system for working age adults.

Chapter Seven: New policies

The previous three chapters identified trends in the adequacy, accessibility and fairness of the social security system for working age adults, both before and during the pandemic, using objective and subjective measures. Interestingly, the support provided by the UK Government during the COVID-19 pandemic led to some improvement in the adequacy and fairness of the social security system for working age adults. Even so, it is clear from our fieldwork and wider evidence that the UK's social security system for working age adults could be made more adequate, more accessible and fairer.

This chapter sets out to do exactly that and offers new and creative policies to strengthen our social security system for working age adults in these three dimensions.

Policy approach

When formulating policy, we applied our key tests that needed to be met:

- **Fiscal realism.** Both the pandemic and the current increase in the cost of living have forced the Government to make significant fiscal interventions to assist households. However, the cost of government borrowing is now rising, and it is a priority to reduce the current budget deficit. Hence, any suggested policies should only demand minimal increases in government spending in the short-term and realistic increases in the medium-term.

- **Progressivity.** There is a significant minority of people on low incomes, many of whom are in receipt of UC, who are facing significant financial challenges, with some of them facing outright deprivation. Policies must therefore focus on helping the claimants which are most likely to face those challenges. This is particularly essential given the rising cost of living, which is set to significantly worsen over the course of Winter 2022-23.
- **Seeking cross-party consensus.** Debate about the future of the UK's social security system have drawn sharp dividing lines between the major political parties in recent years. This is despite the presence of a significant public consensus on many issues around adequacy, accessibility and fairness of the social security system, as highlighted by our evidence in this report. A key aim of this project has been finding common ground on social security reforms for working age adults across the political divide. The proposals we put forward should draw from and appeal to those across the political spectrum.
- **Rooted in the ideas of the public, especially claimants.** When possible, policy ideas around the social security system for working age adults should both emerge from, and be shaped by, the views of the public at large, and particularly by claimants. The views of the public are important because the social security system must retain broad support to be able to effectively provide support. The views of the claimants are vital to consider because of their lived experience of the social security system.

Adequacy

Recommendation one: Establish a new 'minimum living' income, which will be proposed by a reformed and expanded Social Security Advisory Committee, which will also recommend the levels and uprating of different social security payments to help low-income households meet the 'minimum living' income.

Our report has highlighted that for a number of claimants, the social security system for working age adults has been providing inadequate level of support both before and during the pandemic, causing poverty, and in some cases, deprivation.

Yet, the majority of the UK public, and majorities of all voters of major parties, support the idea that the social security system for working age adults should provide support that allows people on low incomes to meet the costs of living, including housing costs.

We recommend that the Social Security Advisory Committee is reformed and expanded, giving it a new remit to create and maintain a new ‘minimum living’ income benchmark. In addition, it should be tasked with making recommendations on the minimum levels to which different elements of the social security system should be set for working age benefits so that claimants can meet the ‘minimum living’ income benchmark.

The Social Security Advisory Commission will be modelled after the Low Pay Commission. The Low Pay Commission has been one of the most notable and successful examples of an independent arms-length body that has been given a remit to set levels for a politically charged policy area: the National Minimum Wage (NMW) and the National Living Wage (NLW). Successive Governments have adopted the proposed wage levels set by the Low Pay Commission since it was established in 1998.

We propose that the new Social Security Advisory Committee will remain an advisory, non-departmental public body sponsored by the Department for Work and Pensions. However, it should be expanded to have 12 commissioners: six independent policy experts, four policy experts appointed politically (two by the Government, two by the Opposition) and two experts-by-experience. The presence of political appointees and experts-by-experience will emulate the role of trade union and business representatives in the Low Pay Commission, which is to involve key stakeholders in the process of developing and setting the ‘minimum living’ income. It should continue to be supported by a

small professional secretariat, which will likely need to be expanded to accommodate for the new remit.

There are two important lessons from the Low Pay Commission for the proposed new configuration of the Social Security Advisory Committee. First, it is notable that at the time of the introduction of the NMW in 1998, the Low Pay Commission was tasked with shaping and setting a new policy that was still very contentious at the time.²⁰⁸ However, its overall design helped to depoliticise and build further consensus around the NMW,²⁰⁹ both in terms of its setup involving a mixture of independent experts, business representatives and trade unionists, and through the way it carefully conducted its business and cautiously proposed rates at first.²¹⁰ When the Low Pay Commission initially decided on the initial rate of NMW and on the enforcement and review mechanisms associated with NMW, it was done through a combination of in-house research, a comprehensive call for evidence and meeting in-person with hundreds of employees and employers. This extensive and consensus-building process allowed the Low Pay Commission to reach a unanimous set of recommendations.²¹¹

We recommend that the reformed Social Security Advisory Committee should have the following new remit; first, to develop and annually update the ‘minimum living’ income benchmark for different types of households, just as the Low Pay Commission recommends different rates for different age brackets. This ‘minimum living’ income should seek to ensure the social security system is able to provide support for people’s basic needs (including housing), in line with the broad consensus across the public illustrated in Chapter Four on issues of adequacy and be developed as part of a wide-ranging evidence

208. Institute for Government, “The introduction of the National Minimum Wage (1998)”, https://www.instituteforgovernment.org.uk/sites/default/files/the_minimum_wage.pdf (2011), 71.

209. George Bain et al., “More than a minimum”, https://www.resolutionfoundation.org/app/uploads/2014/03/More_than_a_minimum1.pdf (2014), 26.

210. Low Pay Commission, “The National Minimum Wage”, <https://webarchive.nationalarchives.gov.uk/ukgwa/20070603164510/http://www.dti.gov.uk/files/file37987.pdf> (1998).

211. William Brown, “The Operation of the Low Pay Commission”, <https://www.econ.cam.ac.uk/research-files/repec/cam/pdf/wp0225.pdf> (2002), 12.

gathering exercise, including both quantitative and qualitative research commissioned by the Social Security Advisory Committee, gathered through a call for evidence and in-person meetings with a wide range of stakeholders, including those who have experience of the system.

Second, the Social Security Advisory Committee should annually evaluate the extent to which the social security system is allowing different types of households to meet the ‘minimum living’ income. It should then make recommendations on the minimum level of uprating needed across the social security system to meet the ‘minimum living’ income benchmark. It should also conduct periodic reviews of various thresholds and caps within the social security system and to examine whether they are affecting people’s ability to meet the cost of living, such as the benefit cap. A benchmark should also be set under which benefits cannot fall below even if a sanction was applied to their recipient.

Ultimately, the decision on the level and uprating of social security payments for working age adults must remain a democratic one, meaning the body’s role will continue be advisory. Furthermore, the Secretary of State for Work and Pensions will have the power to amend the exact remit of the Social Security Advisory Committee and the additional factors that it needs to take into account when making recommendations, but will need to consult with the body before making these changes, just as the Secretary of State for Business, Energy and Industrial Strategy can amend the remit of the Low Pay Commission.

Fairness

Recommendation two: The DWP should create a centralised ‘Social Security Digital Platform’, for all UC claimants, which acts as a single referral, application and processing platform for all benefits and grants available to low-income working age adults and allows UC claimants to have greater control over the frequency and destination of their payments.

Our research, both in this report but also in our 2019 *Helping Hand*

report, highlights that there are significant barriers to both claiming and managing a wide range of benefits, including UC, for a significant number of low-income individuals.

Our research also suggests that there is significant issue of take-up with a wide range of non-UC low-income working age benefits and grants. Central and local governments have taken some action to increase awareness and reduce complexity of some of these benefits over the last couple of years. Since the beginning of the pandemic, accessing Healthy Start Vouchers no longer requires sign-off from a health professional. Some local authorities, such as London Borough of Southwark, have semi-automatic application processes for UC claimants applying for Council Tax Reduction.

But these piecemeal measures are failing to effectively reduce the significant take-up gap for these benefits and grants, meaning that hundreds of thousands of low-income families are missing out on essential help that they would greatly benefit from, and indeed are eligible for.

As outlined in Chapter One, the Government now expects that it will complete migration of most legacy benefit claimants to UC by the end of 2024, and ESA claimants by the end of 2028, with 2.6 million households still to be moved.²¹² Once this process is completed, almost all people eligible for the range of additional benefits and grants available to working age low-income households will be claiming UC. Furthermore, the central government already holds much of the information needed to process applications for these non-UC low-income benefits and grants, especially once the migration of legacy benefit claimants to UC is completed.

Therefore, we recommend that following the completion of migration of all legacy benefit claimants to UC, the government utilises the baseline IT system created for UC and expands it into a one-stop Social

212. HM Government, "The Healthy Start Scheme and Welfare Food (Miscellaneous Amendments) Regulations 2020", <https://www.gov.uk/government/publications/completing-the-move-to-universal-credit/completing-the-move-to-universal-credit-2#move-to-uc-strategy> (2020).

Security Digital Platform for all UC claimants.

The Social Security Digital Platform will contain the following functions. First, it will act as a single referral, application and processing platform for all benefits and grants available to low-income working age adults at the national and local level. Second, it will notify claimants of benefits when they might be eligible for more social security support, using their Real Time Information (RTI) data. Third, it will provide a significantly greater level of control to UC claimants over their UC award, specifically the frequency and destination of it.

Hence, there are three key elements to the new Social Security Digital Platform. First, a role in referring.

A key part of the UC system is its integration with the RTI payroll systems, which requires almost all employers in the UK to report information related to pay, tax and deductions to HM Revenue and Customs at the time they pay their wages to their employees. DWP utilises this data to make decisions about UC claimants who are in work, updating their UC awards for each monthly assessment period on the basis of the RTI system.²¹³

Hence, when a UC claimant's income falls because of job loss, or because of a reduction in hours, their UC award increases automatically to reflect their lower pay. But this information could be used further to nudge claimants who had a loss of income to seek additional help from wider non-UC central and local government social security provision.

UC claimants who have had seen a significant decline in their income should receive prompts through the Social Security Digital Platform to explore additional support that might be available to them at the national or local level. These prompts could be messaged when UC claimants log into the digital system or received as notifications on their phones. The prompts will contain links to further information within the Social Security Digital Platform, including to the application pages

213. HM Government, "The Universal Credit (Earned Income) Amendment Regulations 2020", <https://www.legislation.gov.uk/uksi/2020/1158/regulation/2/made> (2020).

for wider non-UC and local social security provision.

The second essential role of the Social Security Digital Platform will be application, where it will work differently for different benefits.

For the Sure Start Maternity Grant, Healthy Start Vouchers and Free School Meals, the central government holds almost all the information necessary to process these applications. Here, the Social Security Digital Platform should utilise claimant's data to automatically enrol claimants onto these schemes where they hold all the necessary information and proactively request additional information through the Social Security Digital Platform where it is necessary.

For the Funeral Expenses Payment, Council Tax Reduction schemes, the Discretionary Housing Fund and other local crisis welfare assistance, where more information from claimants is usually necessary to process the application, claimants should be able to make applications directly through the Social Security Digital Platform, including submitting any additional evidence.

Local authorities will need to integrate their localised schemes with the Social Security Digital Platform. In the short-term, this should mean that the Social Security Digital Platform acts as a referral system, with the claimants interested in accessing Council Tax Reduction, the Discretionary Housing Fund or the Local Crisis Support Fund being directed by the Social Security Digital Platform to the relevant application processes on local authority websites. In the long-term, local authorities should aim to fully integrate the application processes into the Social Security Digital Platform, but at the same time the Social Security Digital Platform should retain a significant degree of flexibility in how each local authority can design the application process to account for local authority preferences.

For the small group of low-income individuals who are eligible for the above auxiliary benefits and grants, but are not in receipt of UC, central and local government should retain existing pathways of claiming them.

Finally, the third essential role of the Social Security Digital Platform will be processing UC claims.

A significant minority of claimants struggle to manage financially with the way UC awards are paid, which are usually as a monthly award paid to a single person in the household. Alternative payment arrangements, which allow people to change different aspects of how their awards are given, are only taken up by a small minority of UC claimants. For example, only 14% of UC claimants who are privately renting have their housing element being paid directly to their landlord as of February 2022, while only 2% had received more frequent payments in the month of February 2022.²¹⁴ Our research in *Helping Hand* shows that these alternative payment arrangements are neither widely understood nor proactively offered.²¹⁵

We recommend that UC claimants have multiple processing functions through their new Social Security Digital Platform. First, claimants should be able to personalise the default frequency of their UC awards, allowing UC claimants to receive their award in either monthly or fortnightly payments, expanding the flexibility available in Scotland and Northern Ireland. In Scotland, this was taken up by 38% of eligible claimants in 2021.²¹⁶

Second, claimants should be able to personalise the destination of elements of their UC awards. This would allow UC claimants to pay different amounts of money into separate accounts, including: an alternative current account, belonging to them or their partner; a savings account belonging to them or their partner and the bank account of their landlord.

Third, claimants should be given the ability to grant continuous explicit consent to their advocates, allowing claimants who need help from personal or third-party advocates with their application or claim to interact with DWP without needing to reconfirm consent from the claimant each time.

214. DWP, "StatXplore", <https://stat-xplore.dwp.gov.uk/webapi/jsf/login.xhtml> (2022).

215. Ryan Shorthouse, Sam Lampier and Anvar Sarygulov, "Helping hand? Improving universal credit", <https://brightblue.org.uk/wp-content/uploads/2019/03/Helping-hand.pdf> (2019), 11.

216. Director-General Education and Justice, "Universal Credit Scottish choices: evaluation", <https://www.gov.scot/publications/evaluation-universal-credit-scottish-choices/> (2021).

Fourth, claimants should be given the ability to temporarily suspend deductions. There is significant and wide-ranging research which discusses the highly negative impact of deductions within UC on household budgets of people on low incomes.²¹⁷ The Government has already taken significant action in reducing the maximum level of deductions from 40% to 25% between 2019 and 2021. However, to account for the potential volatility in both incomes and costs of low-income households, the Government should allow UC claimants to suspend deductions for up to three months.

The introduction of the Social Security Digital Platform will significantly expand the need to interface with a digital system, and hence possess digital skills, for individuals, as they will need to utilise it to access the aforementioned auxiliary benefits and grants. While the majority of claimants, both before²¹⁸ and particularly during the pandemic,²¹⁹ have been able to make a claim for UC digitally in an unassisted manner, a significant minority of claimants required assistance or struggled.

Currently, the government helps people who might otherwise struggle with claiming UC through their ‘Help to Claim’ programme. The programme, funded by DWP and administered by Citizens Advice and Citizens Advice Scotland, provides advice on: how to make the application for UC; how to collect and submit the necessary evidence; and how to prepare for the first JobCentre appointment. Since 2019, when the ‘Help to Claim’ programme begun, more than half a million people have been assisted.²²⁰

217. CPAG, “Reducing deductions: the first step in a package of support for low-income households”, <https://cpag.org.uk/policy-and-campaigns/reducing-deductions> (2022); Policy in Practice, “Financial resilience and the transition to universal credit”, <https://policyinpractice.co.uk/wp-content/uploads/Universal-Credit-and-Financial-Resilience-JRF-Summary-report.pdf> (2019); Joseph Rowntree Foundation, “The economics of Universal Credit”, <https://committees.parliament.uk/writtenevidence/613/pdf/> (2020).

218. Department for Work and Pensions, “Universal Credit Full Service Survey”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf (2018), 3.

219. House of Lords Economic Affairs Committee, “Universal Credit isn’t working: proposals for reform”, <https://committees.parliament.uk/publications/2224/documents/20325/default/> (2020), 72.

220. Department for Work and Pensions and David Rutley MP, “Funding boost to Citizens Advice to deliver ‘Help to Claim’ Universal Credit support”, <https://www.gov.uk/government/news/funding-boost-to-citizens-advice-to-deliver-help-to-claim-universal-credit-support> (2022).

To ensure digital exclusion is not worsened with the introduction of the Social Security Digital Platform, we recommend that the Government expands the funding for the Help to Claim scheme to provide ongoing support for those utilising the Social Security Digital Platform. This support will be especially important for providing support with applications for auxiliary benefits and grants for those who might not have the digital skills necessary to complete these applications. The expansion of Help to Claim should include provision of funding for some face-to-face support, and involve working closely with existing third sector organisations as providers of such support to scale up its provision.

Fairness

Recommendation three: Create a new, higher-level and time-limited Contribution Element in Universal Credit, which is paid out to those who have paid a new additional, voluntary, National Insurance (Unemployment Supplement).

As outlined in Chapter Six, there is significant level of public support for the principle of contribution within the UK's social security system, meaning those who have paid more into the system should receive greater support. However, the role of contribution is much more divisive if it comes at the expense of adequacy of benefits, meaning increasing the role of contribution cannot come at the expense of providing a minimum level of support to all households who are failing to meet the cost of living.

The experience of the furlough scheme during the pandemic has highlighted the benefits of giving households earning-replacement payments when they are facing a crisis. But given the eye-watering sums of government funding required for funding the furlough scheme, any future provision of earning-replacement payments will have to both be much more limited in scope and funded through greater contributions from non-government sources, such as employers and employees.

Finally, many developed countries have a two-tier social security system, with the upper-tier of support providing a significant earning-replacement benefit conditional on having work-history and paying contributions in some form, while the lower-tier of support is provided on the basis of means-testing and provides a lower level of payments. The UK is an outlier.

We recommend that, once the managed migration of UC is complete, the Government introduces a new Contribution Element to Universal Credit. The Contribution Element will be funded through, and its receipt will be conditional on, a new category of National Insurance (Unemployment Supplement) Contributions, which will be a voluntary payment from which employees could opt-out. Our polling in Chapter Seven outlines the public support for this idea.

The Contribution Element will replace the current New Style Jobseeker's Allowance and Employment and Support Allowance, which were outlined in Chapter Three.

Our fieldwork revealed that the UK public had concerns about its affordability of such a scheme and about who would pay for it, meaning an effective funding settlement is necessary for the Contribution Element of UC to gain widespread support. Furthermore, the idea that this Contribution Element would be based on a voluntary, rather than compulsory, contribution was key for the UK public in our fieldwork.

We recommend that before implementing the Contribution Element, the Government puts out a detailed and extensive Green Paper outlining the potential funding settlements for it and the implications of each funding settlement on different design elements of the Contribution Element. This Green Paper should contain extensive economic modelling of a range of funding settlements.

In terms of issues, the Green Paper must feature a discussion of:

- The possible levels of contribution of the National Insurance Unemployment Supplement and the extent to which the Supplement must be matched by employer contributions.

- The possible earning-replacement levels of the Contribution Element, where the explored values should be between 50% and 80%. An absolute monthly cap on the value of the Contribution Element should also be established.
- The link between the length of National Insurance Unemployment Supplement contributions and the length of entitlement to the Contribution Element: longer length of contributions should lead to a longer entitlement, up to a cap.
- The conditionality requirements placed upon Contribution Element claimants in terms of searching for new work: all four international case studies we explored in Chapter Seven have significant requirements for claimants of contributory benefits to be actively looking for a new job.
- Alternative permissible activities other than searching for new work while receiving the Contribution Element, including:
 - Recovering from ill health
 - Pursuing training or further education
 - Starting a new business
- Specific pathways for people in self-employment to be able to pay these additional contributions to be able to withdraw.
- Alternative ways in which the Contribution Element can be withdrawn as a single lump-sum payment if the claimant is looking to pursue training or education or is starting a new business.
- Pension incentives for those who have reached the end of their working life with a significant length of entitlement to the Contribution Element not being accessed

Conclusion

This report has examined in detail the adequacy, accessibility and fairness of the UK's social security system for those of working age and on a low income before and during the pandemic. It adds to the significant body of evidence around the strengths and weaknesses of the UK's current social security for working age adults.

There is a significant minority of social security claimants of working age who are struggling financially because the support they receive is inadequate. This is seen both from rates of both poverty and destitution before the pandemic and with how some UC claimants were struggling financially during the pandemic. The public, across the political divide, believes that financial support through the social security system should be high enough to enable working age people to meet basic needs.

It is also necessary improve accessibility of the social security system for working age adults, as a significant minority of those who need help struggle to access it, particularly for non-UC benefits and grants.

But it is also essential to make the UK's social security system fairer. The public is supportive of the contributory principle, but the current system does little to reward contribution, especially when compared to the rest of the developed world.

The three policies put forward in this report seek to improve the affordability, accessibility and fairness of the social security system for working age adults based on four clear principles: fiscal realism, progressivity, seeking cross-party consensus and being rooted in the ideas of the public, especially claimants. These policies are not exhaustive, but they address the key challenges facing the UK's social security system for working age adults.

Annex 1: Polling questions

- 1. Have you, or someone else in your household, received Universal Credit for at least one month since March 2020?**
 - Yes
 - No
 - Not sure
- 2. Have you, or someone else in your household, been furloughed (placed on paid leave by your employer) for at least one month between March 2020 and September 2021?**
 - Yes
 - No
 - Not sure
- 3. Looking at the statements below, to which extent do you oppose or support them? [Please indicate this using the scale where 0 is strongly oppose and 10 is strongly support, 5 is neither oppose nor support]**
 - “Benefit payments should be sufficiently high to allow people to pay for their costs of living, such as housing payments, buying essential food and heating their homes”
 - “It is the Government’s responsibility to ensure that all people have financial support to meet their basic needs”

- “Benefit payments should be stopped for unemployed claimants who do not find a job after a period of time”
- “Benefit payments should be used to reduce the difference between the incomes of the rich and the poor”
- “People in difficult financial circumstances should rely more on their families and communities rather than on benefit payments”
- “The benefits system should encourage people to take responsibility for themselves, even if that means some will face financial hardship”
- “People who have paid taxes for longer should receive more support through the benefits system”
- “People who have never paid taxes should not receive any support through the benefits system”

4. Looking at the statements below, to which extent do you oppose or support them? [Please indicate this using the scale where 0 is strongly oppose and 10 is strongly support, 5 is neither oppose nor support]

- “People who face additional difficulties in their life, such as a long-term health problem or caring for someone with a long-term health problem, should receive more financial support through the benefits system”
- “Families with a greater number of children should receive more financial support through the benefits system”
- “Low-income working parents should receive more financial support through the benefits system”
- “Pensioners should receive more support through the benefits system”
- “Low-income workers who start their own business should receive more support through the benefits system”
- “There is a large number of people who should receive benefits, but are not claiming them”
- “There is a large number of people who claim benefits, but are not doing enough to help themselves out of poverty”

- “There is a large number of people who do not deserve the benefits that they receive”
- “It is important to make claiming benefits difficult to stop people from claiming them fraudulently, even if that means some people with genuine need miss out on receiving help”

5. How much do you agree or disagree with the following statements? [Strongly disagree, disagree, neither agree nor disagree, agree, strongly agree]

- “The experience of the COVID-19 pandemic has shown that the government should be more active in protecting people’s incomes when they lose their job”
- The experience of the COVID-19 pandemic has shown that the government should be more active in protecting businesses during economic downturns”
- “The experience of the COVID-19 pandemic has shown that the government should spend more to prevent people from falling into poverty”
- “The experience of the COVID-19 pandemic has shown that too many people are not prepared to cope with bad life events”
- “The experience of the COVID-19 pandemic has shown that family and local community should play a greater role in supporting people through difficult times”
- “The experience of the COVID-19 pandemic has shown that people are too dependent on help from government when dealing with difficult times”
- “The experience of the COVID-19 pandemic has shown that people can often fall into financial difficulties because of circumstances outside of their control”
- “We should not make major changes to how the government supports people financially as a result of the COVID-19 pandemic”

6. Thinking about priorities for government spending, do you think the following issues are less or more important than benefit payments for working-age people? [Much more important than benefit payments, slightly more important, neither more nor less important, slightly less important, much less important than benefit payments, don't know]

- Healthcare
- Law and order
- Schools
- Housing
- The environment
- Public transport
- National defence
- Lowering the national debt
- Lowering taxes

7. Overall, how better or worse off financially do you think the following groups became during the COVID-19 pandemic? [much worse off, slightly worse off, neither better nor worse off, slightly better off, much better off, don't know]

- Unemployed people
- Low-income working parents
- Those on lower incomes
- Those on higher incomes
- Those with long-term physical health problems
- Those with long-term mental health problems
- Those who care for people with long-term health problems

8. Thinking about a typical benefit claimant, do you think they receive sufficient support to deal with the following regular expenses? [Less than sufficient, sufficient, more than sufficient, don't know]

- Housing costs
- Food costs
- Travel costs [public transport, maintaining a car]
- Utility bills [heating, water, electricity]
- Childcare costs
- Replacing broken down appliances

9. How satisfied or unsatisfied are you with the support the Government provided to the following groups during the COVID-19 pandemic? [Very unsatisfied, unsatisfied, neither unsatisfied nor satisfied, satisfied, very satisfied]

- Those who were already unemployed before the COVID-19 pandemic
- Those who became unemployed during the COVID-19 pandemic
- Those with long-term physical health problems
- Those with long-term mental health problems
- People who are caring for someone with long-term health problems
- Self-employed workers
- Families with children on low incomes

10. In March 2020, the Government increased the amount paid to people who receive Universal Credit and Working Tax Credit by £20 a week. This increase ended in September 2021, with amount of benefit returning to pre-pandemic levels. What comes closest to your view?

- It was right to end the increase in benefits in September 2021
- It was wrong to end the increase in benefits in September 2021
- Don't know

11. You said you thought it was right to end the £20 increase in benefit paid to those who receive Universal Credit and Working Tax Credit. Why do you think it was correct to end the increase? [Multiple choice]

- The increase was only to help with the issues caused by the COVID-19 pandemic
- The Government is helping benefit claimants in a different way
- The Government needs to spend less money on benefits to reduce the budget deficit
- The Government needs to spend less money on benefits so that they can spend more on other areas
- People who receive benefits get enough money without the increase
- Benefit claimants will misspend additional money they receive
- Benefits should not have been increased at the beginning of the COVID-19 pandemic
- Other (please specify)
- Don't know

12. You said you thought it was wrong to end the £20 increase in benefit paid to those who receive universal credit and working tax credit. Why do you think it was wrong to end the increase? [Multiple choice]

- The issues caused by the COVID-19 pandemic are still present
- The Government needs to help people on benefits more than it used to
- Too many people who receive benefits live in poverty
- The cost of living is increasing significantly
- It was too early to end the increase
- The increase should be made permanent
- Other (please specify)
- Don't know

13. Universal Credit claimants who have savings of over £6,000 receive a reduced amount of benefit. Do you think this threshold should be...

- Made much lower
- Made slightly lower
- Kept at the same value
- Made slightly higher
- Made much higher
- Don't know

14. Which one of the following comes closest to your view?

- The government should focus on getting as many unemployed people into a job as possible, even if the job does not suit them well
- Neither
- The government should spend time on matching unemployed people to jobs which fit their skills, even if it means that they are receiving unemployed benefits for longer

15. Which one of the following comes closest to your view?

- The government should focus on providing financial support for low-income workers without setting any conditions for them, such as looking for better paid work or for more hours
- Neither
- The government should place conditions on low-income workers to receive financial support, such as looking for better paid work or for more hours

16. Which one of the following comes closest to your view?

- The government should try to get parents on low-incomes into employment as quickly as possible, even if it means the government pays more for childcare they need
- Neither

- The government should let parents on low-incomes stay at home with their children for longer, even if it means paying them more benefits
- 17. For every £1 that Universal Credit claimants earn through working more, their benefit is reduced by 55p. If this reduction was higher, government spending on benefits would be smaller. If this reduction was lower, it might encourage claimants to work as they can keep more of their earned income. In your view, should this reduction in benefit be higher or lower?**
- Significantly lower
 - Slightly lower
 - Neither lower nor higher
 - Slightly higher
 - Significantly higher
 - Don't know
- 18. If you were to lose your job tomorrow, for how many months do you think you would be able to pay for your living expenses without needing financial help from the government?**
- Not at all
 - 1 month
 - 2 months
 - 3 months
 - 4 months
 - 5 months
 - 6 months
 - 7 to 9 months
 - 10 to 12 months
 - More than 12 months
 - Don't know

19. If you were to lose your job tomorrow, what proportion of your existing wages do you think would be covered by unemployment benefits if you needed it? [Asked only of those in work]

- [Slider of 0% to 100%]
- Don't know

20. In March 2020, the Government introduced the Coronavirus Job Retention Scheme (commonly known as furlough), allowing employers to place workers on temporary leave while the Government pays up to 80% of their wages. Furlough ended in September 2021. Which one of the following comes closest to your view?

- The Government was right to introduce furlough in March 2020, but should have ended furlough sooner than September 2021
- The Government was right to introduce furlough in March 2020, and was right to end it in September 2021
- The Government was right to introduce furlough in March 2020, but should have ended furlough later than September 2021
- The Government was wrong to introduce furlough in March 2020
- Don't know

21. Which comes closest to your view?

- The government should prioritise financial support for workers and businesses during an economic downturn, even if it means the government debt increases
- Neither
- The government should prioritise keeping the government debt at manageable levels, even if that means not providing financial support for workers and businesses during an economic downturn
- Don't know

22. Which comes closest to your view?

- The benefits system should prioritise helping people who are in a difficult financial position, even if they did not previously pay tax contributions into the system
- Neither
- The benefits system should prioritise helping people who have paid into the system previously, even if that means providing less help for people in a difficult financial position
- Don't know

23. Which comes closest to your view?

- The benefits system should be accessible by all those who have limited financial resources, without needing to fulfil strict conditions and rules
- Neither
- Accessing the benefits system should be subject to strict conditions and rules, even if it means not everyone who has limited financial resources will get it
- Don't know

24. Thinking about the current benefits system, do you feel that people receive too much or too little support for the contributions they make through paying taxes?

- Too little support
- Slightly too little support
- Neither too little nor too much support
- Slightly too much support
- Too much support
- Don't know

25. Would you support or oppose the introduction of...
[Strongly support, slightly support, neither support nor oppose, slightly oppose, strongly oppose, don't know]

- A compulsory scheme you and your employer would pay into which would provide you with a significant portion of your salary for up to 6 months if you became unemployed
- A voluntary scheme you and your employer would pay into which would provide you with a significant portion of your salary for up to 6 months if you became unemployed
- A scheme where the government would pay for some of the wages of employees in businesses affected by an economic downturn for a short period of time, funded by an increase in National Insurance for all workers
- A 'rainy day' account which individuals have the option to pay into through paying more National Insurance, and the Government would top up, but which could only be accessed if you became unemployed
- A temporary increase in benefits for unemployed people during a period of economic downturn, which is withdrawn when the economy recovers
- A time-limited additional Universal Credit supplement paid to those with long National Insurance contribution histories
- Annually increasing Universal Credit payments to correspond with the rise in cost of living
- A government-backed loan scheme for workers with long National Insurance contribution histories, from which they could borrow money if they became unemployed and would only need to repay once they are back in work

26. If the Government was to introduce a new scheme to protect the income of workers who became unemployed, how much should the following groups contribute to its cost? [None of the cost, some of the cost, half of the cost, most of the cost, all of the cost, don't know]

- Employees/Workers
- Employers/Businesses
- National Government
- Local Governments
- The richest members of society
- Landlords/property owners

Annex 2: Focus group discussion guide

Welcome and thank you to you all for volunteering to take part in this focus group today, I appreciate your time. My name is X and I work at an independent research agency called BMG Research. I will be guiding and moderating today's discussion.

Introduction and brief explanation: We are conducting the work on behalf of a UK Think Tank. The purpose of today's discussion is so that we can get your thoughts on the UK's welfare system. The welfare system is how the government to provide financial help to people who need support, such as through Universal Credit, child benefits and tax credits.

Confidentiality: All information you provide will be treated confidentially. We will not identify any individuals or share the personal details of those who took part. I am independent. Your responses are strictly confidential which is required by the Market Research Society.

- Views stated are not linked to individuals and the more open and honest you can be the better.
- We may use some of the things you say in our reports, but we won't reveal who said them. This is in line with the Market Research Society Code of Conduct.
- You do not have to take part in this research. Participation is voluntary and you can withdraw your consent to take part at any time.

Ground rules: Before we get to the discussion, I wanted to take the opportunity to lay out some ground rules, some of which we've already touched on:

1. There are no right or wrong answers to any of the questions today, so please bear that in mind and respect the opinions of others even if you do not agree.
2. We want to have a good discussion so please try not to interrupt others and allow one person to speak at a time.
3. Again, we want the discussion to flow naturally, but I might sometimes step in to make sure we keep on track.
4. Let's remember to respect everyone's confidentiality and privacy after the focus group is over by not discussing what was said with others.

Recording: We would like to audio-record the discussion for the purposes of accurately capturing all the information you share with us. The audio will be used for analysis purposes only and will not be shared with anyone outside of BMG research.

Ice breaker and introductions (Moderator to go around the group and get name and what people like to do in free time)

Part 1 – Cost of living and purpose of the system

1. What have you noticed in the news recently? [Follow-up on cost-of-living after initial discussion]
 - a. What is the Government doing about the rising cost of living? Is this sufficient?
 - b. What more, if anything, can the Government do to help people who are badly affected by the increasing cost of living? Particularly for households on low incomes?
2. Some of you mentioned the welfare system as a way that the Government could support people through the cost of living crisis. Examples of benefits that people can access through the welfare

system which you might have heard of or used yourself, include Universal Credit, child benefits and tax credits.

- a. What do you think the welfare system should work to do?
3. There are different views over what the purpose of the welfare system is and should be. For example, some people think it should be used to make sure that everyone reaches a decent standard of living, no matter their circumstances, while others think that the system should focus on providing only temporary help to encourage people to get back on their feet more quickly.

Moderator to show task on screen – ask participants to look at the options and choose one option and write down why. Ensure participants write responses before exploring in discussion.

A. Should be used to make sure that everyone reaches a decent standard of living, no matter their circumstances.

B. The system should focus on providing temporary help to encourage people to get back on their feet more quickly

What are, in your views, other main purposes to the welfare system?

Part 2: Complexity of the system

1. Do you think there are many people who are entitled to receive benefits, but are not receiving them currently? Why do you think they are not claiming them?
2. If you needed to start claiming benefits, do you think the process of doing so would be easy or difficult? [For party groups] / Did you find the process of claiming benefits easy or difficult? Why? [For benefit claimant group]
3. When people claim benefits, do you think there should be lot of conditions you need to fulfil? Do you think there is at the moment?

[For party groups] / Once you started claiming, did you find it easy or difficult to fulfil any conditions you were set? Do you think it was right to have these conditions? [For benefit claimant group]

4. Do you think it is better to make the welfare system as simple as possible by reducing the number of different payments you can receive, or is it best to have multiple payments to support people with different circumstances and needs?
5. Are there things about the welfare system which you think are overly complex at the moment?
6. If you could make a change to the welfare system (other than the size of financial support) that would improve it for the people using it like you, what would it be? [For benefit claimant group]

Part 3: Contribution

Now, let's think about how well the government financially supports people like you through the benefits system.

1. Do you feel that, if you ever do need to rely on benefits, that you will be given enough financial support by the state to get by? [For party groups] / Was the financial support you received enough to get by? [For benefit claimant group]
2. Do you think the state would provide you with enough support given how much you have contributed through your taxes? [For party groups] / Do you feel that you have received adequate support given how much you have contributed through taxes? [For benefit claimant group]
3. Do you feel that people who have contributed more to the welfare system through their taxes deserve to be better financially protected than those who have contributed less?
 - a. How big of a difference should there be?
 - b. Should we judge someone's contribution to the system based on the taxes they have paid?

4. Access to most benefits, such as Universal Credit, is based on a person's financial situation only, not whether they have previously contributed to the system.
 - a. Is it more important for the welfare system to focus on who needs help, rather than who has or has not previously contributed?
 - b. What do you think about benefits which are only paid to people to have previously contributed to the system?
5. Now thinking about how the current welfare system can better support people who have contributed in the past...

Moderator to show description on screen – ask participants to write down whether they believe it to be a good idea or bad idea. Ensure participants write responses before exploring in discussion.

Some countries have a scheme, as part of their welfare system, which employers, employees and self-employed people make monthly contributions. If you become unemployed after making such contributions for at least a year, the scheme then pays out a significant portion or all of your salary to you. The longer you have made monthly contributions, the longer you can keep receiving support through the scheme. This scheme would not replace Universal Credit or other benefits; it would exist alongside it as an additional layer of income protection for those in work.

- A. Broadly, does such a scheme sound like a good idea that the UK Government should look into?
- B. What do you like about it i.e. what do you see as the main benefits? And what do you dislike i.e. what might be the main drawbacks / risks?
- C. If the Government introduced this sort of scheme, who do you think should have contribute more to it, employees or the businesses they work for?

- D.** Would you support a scheme like this that was compulsory for both employers and employees to pay into, or do you think that it would be better if such a scheme was voluntary?
- 6.** Let's think about the furlough scheme. Just to remind everyone, that was a temporary scheme during the pandemic which meant that the government paid up to 80% of the wages of people who were at risk of becoming unemployed. The point of it was to protect jobs.
- a.** Would you want the Government to consider the re-introduction of furlough, or a similar scheme during a future crisis that threatened lots of people's jobs, such as a global recession for example?
- b.** If it was to be re-introduced, who should be paying for it? To what extent should workers and businesses contribute to it?

The COVID-19 pandemic and the rising cost of living has put significant strain on the finances of low-income households, exposing flaws with the UK's social security system.

This report examines the adequacy, accessibility and fairness of the UK's social security system for working-age adults in low-income households before and during the pandemic, before proposing three major policies to strengthen social security.

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