

## WELFARE REFORM COMMITTEE

### WOMEN AND WELFARE INQUIRY

#### WRITTEN SUBMISSION RECEIVED FROM MORAG GILLESPIE

There now exists a significant and growing body of evidence about the impact of welfare reforms for people in a range of circumstances that shows how widely and deeply women in Scotland are being affected by the reforms<sup>1</sup> and also shouldering much of the burden of UK government austerity measures and taxation reforms, including in service cuts and the availability and quality of work<sup>2</sup>. This paper does not repeat evidence about the impact on individuals and groups of women. However, I want to highlight some issues concerning women's poverty and the importance of making connections across different parts of the welfare state in developing policies and services - including social security - that meet the needs of Scottish people and reflect more adequately the different situations and needs of women.

#### **Social Security or 'Welfare'**

In the UK today, portrayals and presentations of poverty are increasingly individualised and stigmatised - people relying on social security benefits are cast as 'skivers' and 'scroungers', responsible themselves for the situations they find themselves in. This extends through political and media portrayals to wider public attitudes around myths of 'them and us' that have successfully led to a dominant portrayal of a welfare state that is too generous, encouraging welfare dependency. Yet the evidence points to already large inequalities growing, with social security benefits falling further behind incomes, providing inadequate income maintenance that contributes, along with issues such as sanctions and inefficient delivery of the benefits system, to burgeoning use of foodbanks<sup>3</sup>.

This stalemate between polarised views has led to work that suggests there is a need to change the terms of debate. The Webb Memorial Trust, for example, argues that we should have a new starting point for debate and asks what kind of society we want – what would a good society without poverty look like? Research they commissioned found that people value things like fairness, security, safety, freedom, compassion and tolerance in a vision for a good society. The key principles that young people identified to tackle poverty included a minimum standard of income, an equal school experience for all, affordable decent homes for everyone, access to three healthy meals a day, a feeling of safety at home and in communities, and affordable transport.<sup>4</sup>

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<sup>1</sup> See for example: Engender et al (2015) A Widening Gap: Women and Welfare Reform at <http://www.engender.org.uk/content/publications/?cat=1&tag=welfare>; One Parent Families Scotland at <http://www.opfs.org.uk/speaking-out/current-research/report-201409-exploring-welfare-reform-impact/>; SCVO (2015) Third sector and welfare on the frontline at <http://www.scvo.org.uk/news-campaigns-and-policy/research/third-sector-and-welfare-on-the-frontline/>

<sup>2</sup> See Women's Budget Group (2014) Budget 2015 – Don't fix the roof while the foundations crumble at <http://wbg.org.uk/wp-content/uploads/2015/04/WBG-Budget-2015-Briefing.pdf>; and WBG with Scottish Women's Budget Group (2015) Plan F: A Feminist Economic Strategy For a Caring and Sustainable Economy at: <http://www.swbg.org.uk/content/publications/PLAN-F-2015.pdf>

<sup>3</sup> See e.g. BBC News, 'Record numbers use Scottish food banks' 16 January 2015 at: <http://www.bbc.co.uk/news/uk-scotland-30832524>

<sup>4</sup> Knight B (2015) The society we want. London: Alliance Publishing Trust and Webb Memorial Trust. Available at: <http://www.webbmemorialtrust.org.uk/home-page/the-society-we-want-3/>

These issues contribute to the time being right to rethink strategy in Scotland – the current system increasingly espouses a means-tested and residual approach to ‘welfare’. Whilst existing measures to mitigate the worst effects of the UK government’s reforms is welcome, I would argue that a more aspirational goal of Social Security for all in Scotland is necessary and urgent and it requires a different approach. In particular, social security needs to be considered in a much wider context, both in terms of including women and men in all their diverse circumstances and in reflecting the reality that social security is an integral part of a larger welfare state in which there are complex interactions between policy areas that have the potential to enhance or undermine policy intentions depending on how they work together. This is particularly important for women in view of the evidence of cumulative disadvantage that they are experiencing under the range of welfare reform and austerity measures at present.

A country where the majority of working age people and children living in poverty are in households where someone works is testament to a system that is failing.<sup>5</sup> Scotland can build on the opportunity of greater devolution of powers, combined with existing powers, to do much more than just manage the existing UK system more efficiently. It is important to ensure that decisions taken as new powers are devolved are done in a way that sets out to: diminish and remove the fear and insecurity many face today; prevent poverty happening wherever possible rather than stigmatising those who become poor; and reflect the range of contributions that people make to society including, for example the caring roles undertaken – predominantly by women - that are currently undervalued but form a crucial part of the glue that holds a good society together. Following some brief comment on the extension of devolved powers, this paper discusses the wider context of social security within the Scottish welfare state.

## **Women and Social Security**

Social security needs to be understood as being located within a range of policies and measures that can contribute to tackling deep seated inequalities and the risks of poverty to which women are particularly vulnerable. Women rely on social security for a larger proportion of their income than men and welfare reforms have had particularly harsh impacts for women.

The immediate future of devolving powers in relation to some social security has to be managed carefully. The further fragmentation of decision making and delivery that lies ahead raises concerns about new bear-traps facing those who need to engage with the benefits system. The different bases of assessment (individual, family, household and so on) the type of benefits (means-tested, contributory, universal, categorical) combined with tax and other changes make it extremely difficult already for people to understand their entitlements and for policy makers to understand the cumulative effects of changes. Further dissipation of benefits structures will add to these challenges unless carefully equality impact assessed prior to implementation and managed, including through the provision of clear and accessible information on right to new benefits or changes.

Engender et al highlight a range of specific areas in which change is urgently needed and, in relation to further devolution, these include pushing for the rollout of Universal

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<sup>5</sup> Scottish Government (2015) What do we know about In-Work Poverty? A summary of the evidence at: <http://www.gov.scot/Resource/0046/00468484.pdf>

Credit to be halted until the process of devolving responsibilities is completed and developing support or reinstating entitlements for carers and parents<sup>6</sup>. Along with many of the components of WBG's Plan F<sup>7</sup>, these recommendations highlight a range of specific ways in which women's situations can be more adequately considered and included.

Further devolution also provides some opportunity to work towards the principles and foundations of a system of social security that is more fit for purpose than piecemeal changes of welfare reform can deliver – one that offers security rather than the fear, anxiety and poverty that so many women experience today. There are alternatives to a US style residual 'welfare system'. Some suggestions include:

- reinforcing universal benefits and protecting and building on contributory benefits whilst reducing reliance on inefficient means-testing<sup>8</sup>.
- A system based around principles of a progressive redistribution system in the contribution and distribution of resources<sup>9</sup>,
- progressive universalism – basic income security in a welfare state that is better designed and “more effective at supporting the poorest and disabled people”<sup>10</sup>; and
- a citizen's basic income (CBI)<sup>11</sup>, a guaranteed minimum income paid tax free and replacing all income maintenance benefits, including relief against income tax liability;

Most commentators on poverty and inequality today are clear about the need for simplification and fairness in both taxes and benefits and many argue that any system developed in Scotland needs to be built on a shared vision that includes the views of those groups in or at greater risk of poverty. They include those most adversely affected by welfare reforms to date – women and disabled people. Underpinned by universal and comprehensive public provision such a system has to value the different contributions people make through unpaid and voluntary work, care and community roles as well as paid work. Although the focus of the inquiry is on women and social security, the committee is urged to consider this in the context of the wide range of policy areas that impact on women's lives and the poverty and inequality they face. Many of these are devolved responsibilities and some key issues would merit particular consideration.

## **Social Security in a Scottish Welfare State**

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<sup>6</sup> Engender et al (2015) A Widening Gap: Women and Welfare Reform at <http://www.engender.org.uk/content/publications/?cat=1&tag=welfare>

<sup>7</sup> WBG with Scottish Women's Budget Group (2015) Plan F: A Feminist Economic Strategy For a Caring and Sustainable Economy at: <http://www.swbg.org.uk/content/publications/PLAN-F-2015.pdf>

<sup>8</sup> Child Poverty Action Group in Scotland - <http://www.scotland.gov.uk/Resource/0042/00423932.pdf>

<sup>9</sup> Sinfield A (2013) Achieving a better and fairer system of social security in Scotland <http://www.scotland.gov.uk/Resource/0044/00441873.pdf>

<sup>10</sup> Duffy S and Dalrymple J (2013) Basic Income Security: a constitutional right for all Scotland's citizens, <http://www.scotland.gov.uk/Resource/0044/00441906.pdf>

<sup>11</sup> For example see: Duffy S and Dalrymple J (2013) Basic Income Security: a constitutional right for all Scotland's citizens, <http://www.scotland.gov.uk/Resource/0044/00441906.pdf>; McKay A (2014) A Citizens Basic Income? Questions for a New Scotland, <http://www.discoversociety.org/2014/04/01/viewpoint-a-citizens-basic-income-questions-for-a-new-scotland/>

Consensus building will be important for a shared vision that puts people first, agrees to share social risks and aspires to a society free from poverty. Social security does not have to be a political football, 'othering' those who rely on benefits and reinforcing the lack of value for the unpaid roles performed - mainly by women – including child and adult care. The construction of 'social security' as 'welfare' masks the fact that the Welfare State benefits everyone and, arguably, those who are better off more than the poorest members of our society<sup>12</sup>. However, it is also the case that a strong welfare state providing universal services is crucial to a strategy to reduce inequality and eradicate poverty, with universal services most effective for reaching the poorest groups, particularly women who rely more on services. This can arise because women often have to juggle many responsibilities as well as being the poverty 'managers' in low income households<sup>13</sup>. Tackling the causes of poverty and mitigating its effects mean that many areas of public policy need to work together in a more integrated and effective way with social security towards common goals. They include: taxation, the economy, the labour market, childcare, housing, education & training, health & social care and other aspects of the wider Welfare State.

Work should be a secure route out of poverty, but for many in Scotland it is not - Scotland's new jobs are often low paid and insecure<sup>14</sup>. Economic policy, training and labour market policy are central to promoting prosperity for people and preventing poverty – they need to make work pay. The national minimum wage is set so low that the Scottish Government has joined with others to promote the Scottish Living Wage. In the absence of control over minimum wage policy, it is all the more important that economic strategy in Scotland sets aims to generate high quality jobs. The Scottish Government's new economic strategy has twin pillars of equality and competitiveness<sup>15</sup>. It will be important to ensure that strategies to achieve this involve decision making and investment based on an understanding of the gendered nature of the labour market including paid and unpaid work, occupational segregation and, for example, the need to invest in employability services that can meet the support needs of women, including groups such as refugee women and women survivors of domestic abuse for whom standard support may be inadequate.

To support women's work, paid and unpaid, a comprehensive strategy on care is needed. Childcare is a good example of the way in which policy decisions can have an adverse impact. Many argue that the present high and rising costs of childcare have been fuelled by the approach to support that emphasises means-tested support to individuals to meet the cost of childcare through, for example, tax credits and universal credit. This stands in stark contrast to the model in Sweden, where the focus is more on supply-side funding and managing the quality of provision, achieving arguably more positive impacts on mothers' employment levels for a similar level of investment to the

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<sup>12</sup> Crossley S (2015) 'Ways of extending the welfare state to the poor'. Social Policy Association, In Defence of Welfare2 at: [http://www.social-policy.org.uk/wordpress/wp-content/uploads/2015/04/05\\_crossley.pdf](http://www.social-policy.org.uk/wordpress/wp-content/uploads/2015/04/05_crossley.pdf); Hills J (2014) Good times and bad times: the welfare myth of them and us, Bristol: Policy Press

<sup>13</sup> WBG (2005) Women's and children's poverty: making the links at: <http://www.wbg.org.uk/documents/WBGWomensandchildrenspoverty.pdf>

<sup>14</sup> See e.g. Crichton T (2015) More than 80% of new jobs in Scotland are low paid with 180,000 workers stuck in zero-hour contracts, Daily Record 27 February 2015 at: <http://www.dailyrecord.co.uk/news/scottish-news/more-80-new-jobs-scotland-5236577>

<sup>15</sup> <http://www.gov.scot/Publications/2015/03/5984>

UK<sup>16</sup>. In Scotland, WiSE makes the economic case for investing in high quality childcare and early years education<sup>17</sup> and that the public investment is long-term, with benefits for children and public sector cost savings in addition to the more immediate benefits to families, employment and the wider economy and arguing for comprehensive childcare free of charge at the point of use.

The lack of affordable decent housing makes housing benefit a growing and expensive part of the social security bill. In a similar way to the costs of childcare, there is a need to consider rebalancing support to make housing more affordable for people who work in ordinary, though all too often low paid, jobs in Scotland. Cuts to benefits without tackling affordability will simply visit further hardships on people who are struggling to keep their homes (not to mention heating them). Along with childcare the problem of affordable housing reinforces the need for broader strategies than social security alone, but these must be equality impact assessed before they are implemented to ensure that existing disadvantages are not perpetuated or new ones created.

Taxation has a crucial role in reducing inequality through progressive tax policies and redistribution and funding a universal welfare state. Taxation in the UK relies heavily on regressive forms of indirect tax such as VAT and an income tax structure that is only minimally progressive. This means people on lower incomes contribute a bigger share of their income in taxes overall. National insurance contributions add substantially to national income, yet contributory benefits other than retirement pension have withered, undermining the contributory principle of paying when able for protection when it is needed. In addition to ensuring taxation is broad based, contributing to reducing inequalities, several issues that benefit wealthy companies and individuals need to be tackled more effectively including corporate welfare, tax fraud, tax evasion and tax reliefs, including those that support the privatisation of benefits (e.g. occupational pensions)<sup>18</sup>.

I look forward to discussing and expanding upon these issues further with the committee during the inquiry.

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<sup>16</sup> Naumann I (2015) 'Universal Childcare and maternal employment: the British and Swedish story. Social Policy Association, In Defence of Welfare2 at: [http://www.social-policy.org.uk/wordpress/wp-content/uploads/2015/04/22\\_naumann.pdf](http://www.social-policy.org.uk/wordpress/wp-content/uploads/2015/04/22_naumann.pdf)

<sup>17</sup> Campbell J, Elson D and McKay A (2013) The Economic Case for Investing in High-Quality Childcare and Early Years Education. WiSE briefing sheet at: [http://www.gcu.ac.uk/media/gcalwebv2/theuniversity/centresprojects/wise/04\\_WiSEbriefingpaper\\_Nov13.pdf](http://www.gcu.ac.uk/media/gcalwebv2/theuniversity/centresprojects/wise/04_WiSEbriefingpaper_Nov13.pdf)

<sup>18</sup> Sinfield A (2012) Strengthening the prevention of social insecurity', *International Social Security Review*, 65, 4: 89-105.