WELFARE REFORM COMMITTEE

THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND

WRITTEN SUBMISSION RECEIVED FROM PCS SCOTLAND

Introduction

PCS Scotland is pleased to submit written evidence to the Scottish Parliament's Welfare Reform Committee regarding the above inquiry. PCS has campaigned for an alternative policy on welfare for many years across the UK and in Scotland. We have traditionally called on employers to implement the Council of Europe Decency Threshold which stands at £15560 and have also been active in promoting the London Living Wage, currently £ 8:30 per hour. We see the introduction of a Scottish Living Wage (SLW) as an important step on the road to eliminating low pay and the misery it causes for workers and their families.

Who we represent

PCS has 28,000 members employed in Scotland in areas mainly related to central government functions. We have members employed in UK Departments such as the DWP, HMRC, Home Office, DfID and the MoD. We represent staff in Scottish Government, most of its NDPBs and Executive Agencies and in Non Ministerial Departments. We also represent staff in statutory bodies such as the Scottish Parliament Corporate Body and in private companies where functions have been transferred from central government

General

PCS is keen to engage in how further powers devolved to Scotland might provide an opportunity to create a more equal society. Powers for devolving welfare responsibility and services must be always be balanced with adequate spending. Unless fair taxation, tax justice and income inequality is firmly delivered, there would be insufficient revenue to deliver high quality universal and publicly funded social and welfare provisions.

PCS has a clear vision of a welfare alternative at the centre of which is a campaign to defend and strengthen the welfare state. The largest block of PCS members work in government welfare delivery throughout the UK. These members take pride in the welfare state and wish to return it to one which provides a decent standard of living for the retired, the unemployed and those who cannot work. As public sector workers they expected to be treated fairly at work and rewarded fairly too. It is ridiculous, for example that 40% of the staff that will deliver Universal Credit are also be dependent on it.

The Tory-led UK welfare policy not only seeks to cuts £ billions from benefits, but also sets out to vilify benefit recipients as lazy and fraudulent and seeking a life on benefits, rather than consider that welfare provision is a basic human right for any civilised society. Scottish Government measures that seek to mitigate against damaging welfare cuts are not enough, particularly in the context of austerity budgeting. Our concerns are that within decreasing budgetary environments, additional resources diverted to welfare mitigation without adequate equivalent tax returns might be maintained at the expense of public sector jobs and holding down the wages of low paid public sector workers.

Devolving welfare to Scotland must provide a commitment to increasing expenditure to meet this challenge. The welfare cap is estimated to remove £4.5 billion from Scottish households; benefits cuts affect 1 million low income working age households; the bedroom tax was supposed to result in Westminster saving £50 million in Scotland at the expense of the Scottish economy10. This figure however can now be considered spurious as even Esther McVey was forced to acknowledge that the projected bedroom tax savings will not materialise.

The safety net of the welfare state has been ripped apart by the right wing ideological attack on welfare provision by the UK Government.

There is now an immediate welfare crisis that requires to be addressed as a matter of urgency. Devolved proposals for welfare, if they are to make a difference, must consider a projected benefit spend exceeding the levels set by the UK government. PCS seeks firm commitments for a reversal of UK benefit level cuts, an end to sanctions and immediate improvement of benefits for recipients.

In a recent publication from the Trade Union Co-ordinating Group (TUCG), of which PCS is a member, the following challenges are presented for welfare, which are as pertinent to devolved models of welfare as they are continued Westminster delivery.

The TUCG make a strong economic case for supportive welfare systems, which are not only cheaper to administer but are also more effective and efficient, and most importantly less likely to cause social division and marginalisation

- Update all benefits at least in line with inflation
- Abolish arbitrary caps on the overall benefit spend – benefits should be paid according to need
- Stop privatisation and outsourcing of the administration of welfare, and bring assessments and support services back in-house
- End the culture of sanctions – introduce positive incentives for claimants

- Scrap the Work Capability Assessment, and remodel support for sick and disabled people taking into account the barriers to, and support necessary for, finding and sustaining employment
- Bring down the bill for in-work benefits by introducing staged increases to bring the national minimum wage in line with the living wage (or £10 per hour, whichever is the greater), so the taxpayer no longer subsidises employers paying poverty wages
- Bring down the housing benefit bill by capping private rents, ending the subsidy to landlords, and protecting people from the individual benefit cap
- Invest in a green jobs creation programme to bring down the levels of people claiming unemployment benefits
- Properly reward family and community care work
- Prepare a wide-ranging feasibility study to assess how we could implement a basic minimum Citizen’s Income.

How should the new welfare powers proposed by the Smith Agreement be used to improve or change:

a) Personal Independence Payments, Disability Living Allowance Attendance Allowance and Carer’s Allowance

PIP is being introduced by the Tory government primarily as a means to reduce the social security budget. PIP has been designed to ensure that around 25% of the claimants in receipt of PIP’s predecessor benefit, Disability Living Allowance (DLA), do not qualify for PIP.

This is nothing less than a direct attack on disabled people who rely on DLA to enable them to play as full a part as possible in daily life.

The Scottish government has the opportunity to reverse this process by abolishing PIP and retaining DLA as the benefit for people with extra costs caused by long-term ill-health or a disability.

Whether or not the government decides to do this there is also a need to change the way that claims to PIP are handled. Currently the medical assessments for PIP claims in the UK are made by two private companies (Capita and Atos. Atos have the contract in Scotland) with the actual decision on entitlement being made by civil servants, based on the assessment from Atos.

Atos have proven to be totally unable to meet the demands of their contract. Within a few months of PIP going live for new claims, Atos were found to be completely unprepared for the work they had been contracted to undertake. As a direct result, claimants experienced delays of up to 12 months before Atos got round to completing their medical assessment. As no decision on payment of PIP could be made by DWP until the medical assessment had been completed, claimants had to excessive time delays before Pip decisions and payments were finally made.

Under DLA medical assessments and decisions were all made by DWP civil servants, based on evidence provided by the claimants from their GP, consultants and other medical professionals. This was a tried and tested system of assessment that has stood the test of time. The experiment of involving the private sector in this process fell apart within a few months.

PCS believes that the contract with Atos to deliver medical assessments in Scotland should be ended and PIP medical assessments should revert back to a process similar to the successful one used under DLA.

b) Universal Credit (housing element and administrative arrangements arrangements) and Discretionary Housing Payments

PCS believes that Universal Credit should be devolved. It has yet to be fully implemented and it is, at best, unclear whether it can be successfully implemented.

Universal Credit also contains many deeply controversial elements such as the failed Work Capability Assessment and the strict and excessive conditionality and sanctions regime that should properly be under the control of the devolved government.

The exclusion of Universal Credit appears to reflect more the wish of the UK to protect his pet project.

c) the Work Programme and Work Choice

The Work Programme (WP) has been an expensive failure. In Autumn 2014, it was denounced by the UK Parliament's Public Accounts Committee as a 'scandal'. This was after it was shown that almost 90% of claimants of Employment and Support Allowance, who were on the Work Programme, had not been found jobs.

This ties in with the experience of PCS members who interview claimants after they have returned to DWP for work coaching after two years on the WP. It is common to find that around half of claimants returning to their Jobcentre:

- Assistance from the WP can amount to a phone call once a month, or if they are lucky once a fortnight
- After two years on the WP claimants still do not have a CV or a JobMatch account
- Claimants do not have basic skills such as literacy and numeracy
- Claimants are not able to apply for a job let alone get one.

WP providers park the harder to help cases and focus on the easier cases where they are more likely to get an outcome that results in a payment.

As in jobcentres, where PCS reported to the Work and Pensions Select Committee in January 2015, sanctioning poisons the relationship between participant and adviser under the Work Programme too.

Claimants who seek help from jobcentres report 'unfair' sanctions by WP providers; where "fail to participate" has been automatically referred for a sanction by the WP provider, even thought the claimant did not receive notice of the meeting/course they were supposed to attend.

In one instance, a claimant paid to collect a letter from the Royal Mail as there was no stamp on the envelope, the letter contained an invite to a meeting which he had subsequently missed due to WP provider not putting a stamp on the envelope, and he had been sanctioned for missing the appointment.

Under the current Work Choice, the provision of support or training can be very much a postcode lottery, depending on what the provider has available for each area. As the claimant remains in contact with their Disability Employment Adviser in the jobcentre even after the referral has been made, the advisers are able to monitor the claimant’s progress and receive frank feedback.

For Work Programme claimants who are the furthest away from work; very basic courses that would help claimants, such as using a computer to look for work, are often overlooked completely or sub-contracted out. When claimants have been referred to sub-contracted provision by their provider it can be a 6 month wait until a course is made available.

PCS believes that the helping the long-term unemployed and those with barriers to work should be brought back in-house and delivered by civil servants with the skills, experience and dedication needed – and not driven by payment by results and ending the current postcode lottery of provision.

Data published by the DWP in March 2014 on Work Programme performance from 2011 to 2014 show that only 3% found lasting work of the 1.5 million people put through it since it began in June 2011. Only 18% of those on Jobseeker's Allowance who completed the full two years on the scheme found at least three or six months' work. The Department for Work and Pensions estimated one third of participants would find work themselves anyway without any help from the scheme.

When comparing these figures with other DWP data (for the same period) on the number of claimants being sanctioned, PCS found five times more benefit sanctions were applied to people on the WP last year alone than the total number of sustained jobs that have been found for WP participants since June 2011.

The NAO report in July 2014 found that Work Programme providers were under-performing, but could still claim incentive based payments. It also found that harder-to-help claimants were still being “parked” whilst providers were “cherry picking” claimants; despite the lower payment by result.

We believe that there should be a publicly run and publicly funded work programme aimed at helping the long-term unemployed, young people, and those with barriers to work. We would strongly oppose any extension of work programme into the private sector, or to localised provision which would result in yet a further postcode lottery for claimants in need of support.

d) the Regulated Social Fund, new benefits, top-ups and delivery of benefits overall.

Under this workstream the Committee indicated they would particularly welcome:

- Practical suggestions to ensure that the principles of dignity, respect, support, equality and common sense are embedded in the new system.
- Views on the integration of Scottish devolved benefits with existing devolved powers and any unintended consequences of changes.
- Systems of intergovernmental working in relation to benefit delivery

As we know benefits delivery currently rests with the UK government, employing thousands of civil servants in Scotland and throughout the UK. Delivery of benefits is carried out mainly by DWP but also with HMRC administering child benefit and tax credits. Processing of job seekers allowance, ESA, income support and capability benefit are carried out in Scotland, along with state pensions, pension credits and child maintenance. Devolving welfare would undoubtedly have an impact on the delivery mechanism and jobs, locations and services.

Welfare delivery devolved to Scotland should remain centralised in civil and public services. Regionalisation of welfare administration and delivery to local authority level would have the potential of a race to the bottom (a potential for postcode lottery) in terms of benefits levels and loosen the delivery framework towards a marketised model only softened for privatisation of key public services.