

Expert Working Group on Welfare: Call for Evidence

Background

The second phase of the Expert Working Group on Welfare is now underway. This phase was announced by the Scottish Government in early August 2013 and the Group first met on 26 August. Our remit, which can be found [here](#), is to address the principles and policies that would form the pillars of a working-age benefits system in an independent Scotland, and the costs and delivery structures that would be required. As a priority the Group has issued this Call for Evidence to build on the material already gathered, and as part of a wider programme of engagement over coming months. The [website](#) and [twitter](#) account will provide details of other engagement opportunities.

The first phase of our work

The Expert Working Group on Welfare issued an initial Call for Evidence on 8 February 2013 which ran until 8 March 2013. It gathered views from all interested parties on:

- the prospective cost of welfare in an independent Scotland at the point of Scotland becoming independent in March 2016 (as set out in [Scotland's Future: from the Referendum to Independence and a Written Constitution](#), published on 5 February);
- arrangements for delivery of benefit payments in an independent Scotland; and
- the immediate priorities for change.

We received a number of valuable contributions. An analysis of the written responses, along with the original responses, is published [here](#). In addition to the written responses, the Group held three evidence-gathering/discussion sessions, with the aim of adding further depth and breadth to the evidence. These took place with third sector organisations, people with experience of using the welfare system, and representatives from the business community in Scotland.

The Group's [report](#) featured evidence gathered through this process and annexed notes of the discussion sessions. The Group appreciated the value of the evidence that was created through the Call for Evidence and the Scottish Government, in its [response](#) to our report, committed "to return to this in the coming months as we further consider the choices and opportunities that can only come with independence". It also recognised that there would be a further phase of work and "that this process must be open and engaging, reflecting the desire expressed through the Group's Call for Evidence for a wider debate to begin".

The challenge

Our questions focus on what a future working-age benefits system might look like, what its purpose and objectives should be, and how those could be translated into principles and

policies which are effective, affordable and deliverable. We've posed 9 questions – please respond to as few or as many of them as you wish.

Alongside the Call for Evidence we are publishing a working paper which brings together evidence from a range of publicly-available sources setting out where Scotland stands in relation to welfare and associated matters in comparison to other European nations and the wider OECD. We hope that this will help people and organisations as they shape their responses. We would also invite respondents to cite any additional sources of information that could usefully supplement the material in our working paper.

The Group has had some initial conversations on the high-level purpose and principles of a benefits system, and some of these are summarised below. Please do not feel restricted to commenting on these areas. We'd be very happy to hear about anything which falls within the scope of the questions, or which you think is relevant.

Above all we are clear that our remit asks us to look beyond a possible transition period should Scotland become an independent country, and to be ambitious in our thinking about the kind of benefits system which might be possible. We are looking far beyond a critique of current benefit changes, although experience of the current system will inform our thinking.

Please note that our focus is on the benefits system as a key element of wider social policy. We recognise that our discussions will prompt us to think about how a system of cash benefits interacts with publicly-funded social protection services, especially when in an independent Scotland the Scottish Parliament will have responsibility for policy areas and delivery of services which are presently reserved.

Consultation questions

Part 1 – Principles and Purposes

The Group has been asked to provide recommendations on “The principles which could underpin a benefits system for people of working age in an independent Scotland.”

Though we will not be considering what state pension system an independent Scotland might look to develop, we may well consider the interface between benefits for people of working age (and how that age might be extending through both choice and necessity) and those who are retired. We will also consider other matters outwith ‘working age’ such as benefits that are paid on behalf of a disabled child.

The Group agrees that as a precursor to discussing the principles, we need to be clear on what the purpose(s) of a benefits system should be, and what specific outcomes it should aim to achieve. Addressing these fundamental points should then allow for a clear framing of a set of principles.

In its discussions so far, the Group has considered (amongst other things) the range of potential purposes of a benefits system, including the following:

- to act as a ‘safety net’ that supports those who are unable to support themselves, recognising that for many this may be time-limited support but for others, it would need to ensure basic human rights and quality of life.
- to provide wider ‘social security’ against substantial risks that we in society (individuals and families) are unable to assume/mitigate because of the cost.
- a form of ‘social investment’ in the future of Scotland’s citizens, encompassing specific aims such as the relief of poverty, reductions in inequality, supporting citizens’ activity other than paid work which bring future social and economic benefits.
- to improve skills and competences through the provision of childcare, education, active labour market policy and lifelong learning which may support citizens’ activity and contribution to society; in turn perhaps bringing down future social benefit expenditures and increase revenue.
- a role in encouraging and/or discouraging certain types of behaviours in the best interests of society as a whole (e.g. requiring work where possible, discouraging welfare dependency, contributing to the cost of bringing up children).

When thinking about outcomes, the Group considered what the balance should be in the benefits system between issues such as reducing child poverty, reducing inequality, promoting wellbeing, encouraging (or requiring) participation in the labour market, addressing in-work poverty, supporting carers and promoting the economic and social independence of individuals.

This led the Group to start to think about the principles that might flow from this. In its discussions, the Group considered (amongst other things):

- Should benefits be means-tested, universal or a balance of both? If only some should be means-tested and some should be universal, which benefits would fall into which category, and why?
- In a low wage environment what is the role of benefits? Should they be provided to make subsistence on a low wage possible?
- Assuming the benefits system should be 'fair', in arriving at a view of 'fairness' how can it effectively balance the perspectives of different groups of contributors and recipients (taxpayers, benefit claimants, employers, single people, those with children and so on) with the higher level purpose of the benefits system?
- Should benefits be looked at on the basis of the household or individual? The present personal tax system, for example, taxes individuals rather than households.
- Should the system be designed to support or encourage activities other than (or as well as) paid work? And if so then how?
- Should the benefits system apply equally in all parts of the country or should it take into account local circumstances such as the availability of employment or the cost of living in different areas? If so, does this imply a system of national and/or local welfare provision and, in turn, which benefits would be included at which level?

The [Working Paper](#) published alongside this Call provides a broader context against which you may wish to frame your responses.

In answering the questions below, please bear in mind the points made above. Responses which address these and other difficult issues will have the most impact in the Group's discussions.

Question 1

What should be the high level purpose(s) of the benefits system in an independent Scotland? What key outcomes should such a system aim to achieve?

Question 2

What are the main principles that should underpin the benefits system?

Wherever possible, please provide references to any published or other sources of evidence that have informed your response.

Part 2 – Policy

We are keen to hear from you whether there are particular policy propositions that flow from the outcomes, purpose and principles that you have set out in your response.

For example, if you hold to the principle that work should be the key route out of poverty, what steps need to be taken to ensure that this is the case, and what action would be required to support those who can't work?

The Group's report will likely consider issues such as the balance between cash payments and services; the role of means-testing and universal provision; how inequality might be tackled through the benefits system; and the pros and cons of contributions-based systems. The Group will also consider:

- what impact specific working-age benefits policy responses might have for other policy areas.
- whether there are particular policy responses adopted elsewhere that could apply in the Scottish context.
- what supporting action might be required to enable such responses to be effective in Scotland.

In responding to the questions below, we would be interested in your views on any or all of these areas, and any other factors you believe to be relevant.

Question 3

Which areas of policy are fundamental to the delivery of a system that meets the principles you have set out? What evidence do you have to support that view?

Question 4

Which areas of welfare should be delivered as services and which through cash transfers, and why?

Question 5

Of these services and/or transfers which should be means-tested support and which should be universal provision?

Question 6

How important is it that benefits relate directly to the contributions paid by an individual, and if important, which benefits and why?

Wherever possible, please provide references to any published or other sources of evidence that have informed your response.

Part 3 – Cost and Funding

The first phase of the Expert Working Group on Welfare confirmed that the Scottish Government's methodology for forecasting the costs of benefits was reasonable.

The Scottish Government plans to extend those forecasts so that they cover the early years of the first Parliament of an independent Scotland. With that financial baseline in mind, and being mindful of the economic and fiscal circumstances, the Group has been asked to “consider the broad costs and savings which might arise from its policy propositions on working-age benefits and, where relevant, views on how costs might be met and such savings invested.”

We have been asked to take account of the current economic climate and the projections of public spending in the early years of an independent Scotland. If you suggest spending more or less money on benefits for those not in work, highlighting what might be the actual or potential consequences of spending more or less would be helpful. We would encourage you when responding to outline how the policies you propose might be justified in terms of eventual outcomes.

We would be interested to hear views on other aspects of cost, for example should Governments in an independent Scotland adopt certain criteria when considering the size of the welfare budget, such as the performance of economy or the rate of employment? Should Governments establish a fund when times are ‘good’ to meet the costs when times are ‘bad’? the Christie Commission report recommended greater investment in prevention and early intervention, what role (if any) might a benefit system play in that?

The working paper presents a range of information on factors which influence current and future benefits expenditure.

In answering the question below, please bear in mind the points made above. Responses which address these and other difficult issues will have the most impact in the Group's discussions.

Question 7

When considering the cost of welfare in the future, what are the most important considerations which Governments in an independent Scotland should take into account, and why?

Wherever possible, please provide references to any published or other sources of evidence that have informed your response.

Part 4 - Delivery

The Group has been asked to provide:

- Options for delivery of benefit payments and associated welfare services (which are currently reserved) in an independent Scotland.
- An indication of the opportunities for bringing devolved and reserved services together in an independent Scotland to create a more holistic system of welfare.

We know that for many benefits recipients it is the administration of the system and the interaction between different aspects of the wider welfare system alongside devolved services – such as health and social care, education and skills – that cause problems. We'd be interested in hearing practical examples of how the system might be better structured and delivered.

We'd also like a sense of whether there is a desire to move responsibility for aspects of welfare administration or policy away from central government.

Question 8

How should benefits be delivered in this system? (e.g. Through a new or existing national public body? Through existing public or third sector organisations? Localised delivery based on national guidelines) What would this entail? Are there barriers to such a structure?

Question 9

What are the advantages and challenges of the delivery system you propose? What should its relationship be with e.g. 'job centres', work preparation programmes, and members of society who are unable to work but wish to play a full role in society?

Wherever possible, please provide references to any published or other sources of evidence that have informed your response.

RESPONDING

Please provide your submission and respondent form to the Group by 5pm on Friday 13 December 2013 by email to Independence&Welfare@scotland.gsi.gov.uk. Please also direct any queries to this address. Your response will be published unless you indicate otherwise in the respondent form.