

The Commission on Social Security

Technical Note

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About this note

This *Technical Note* supports the Commission's publication of:

- *The Plan – for a decent social security system*, which contains the Commission's proposals on social security in Easy Read format.
- *The Project Report*, which discusses the Commission's background, outputs, learning and challenges.

The Plan & Project Report are at:

- www.CommissionOnSocialSecurity.org

This *Technical Note* contains further details on the Commission's proposals for:

1. A Guaranteed Decent Income.
2. Child Benefit of £50 per child per week.
3. A new disability benefit.
4. Links with other areas.

It also contains:

- Notes of points requiring further work.
- Statistical modelling of the impact of the Commission's proposals.

1. Guaranteed Decent Income (GDI)

Universal Credit is beset with problems. A new approach is required.

- The Commission's proposed GDI would replace Universal Credit, Employment and Support Allowance, Income Support, Jobseeker's Allowance and tax credits.
- It would have no sanctions, no benefit cap, no 5 week wait and no 2 child limit.
- It would meet the Joseph Rowntree Foundation (JRF) Minimum Income Standards (MIS) for what amount of money is needed for an acceptable standard of living.
- The calculation used to meet the JRF MIS is to (i) set GDI at 50% of the Minimum Wage (currently £163.50 per week) (ii) have a Single Householder Supplement of 20% of Minimum Wage – (currently £63.50 per week). This means two people living together and both getting full GDI would between them get £327 per week which is the MIS level for a couple. A single householder would get £227 per week which is the MIS level for a single person.

(Note: all figures are as of January 2022.)

- GDI would be fully individualised. Members of a couple or multi-member household would each claim GDI as an individual and be assessed as an individual. This is how the tax system operates so the same approach would apply to GDI. There would be no GDI couple rate.
- GDI would take account of other sources of income but using a light touch tax self-assessment approach.
- GDI would include a Disability Supplement but with further details of this to be co-produced by disabled people. The Disability Supplement would be separate to a new disability benefit to replace Personal Independence Payment (PIP) – see below.

- Child Benefit and the new disability benefit would not be treated as income for the purposes of GDI.
- Apart from the Single Householder Supplement and Disability Supplement GDI would have no other additional elements.
- Anyone aged 18 and above would be eligible to apply, including people of pension age.
- The current definition of adult for 16-17 year olds would be used.
- The capital limit above which GDI could not be claimed would be set at 50% above average capital and savings – currently £85,000.
- There would be a work allowance of £512 per month and a taper rate of 45%.
- GDI would be uprated in line with the Minimum Wage but also taking account of changes to MIS.
- Deductions from GDI would be allowable but only if entirely voluntary.
- GDI would have no job-search or work-related conditions - an entirely new system of community based employment support is needed - for example, see *This isn't working: Reimagining Employment Support for People Facing Complex Disadvantage* by Tom Pollard and Pawda Tjoa, available at <https://www.newlocal.org.uk/wp-content/uploads/2020/10/This-Isnt-Working.pdf>.
- Support with housing costs would be separate from GDI. With rents, the system is completely broken. In the short term Housing Benefit could be returned to for people of working age as well as pensioners; but the only real solution is a large-scale programme of building social housing. Support with housing costs should be seen as a housing issue not a benefits one. (Mortgage interest has not yet been considered by the Commission.)

Notes

Universal Basic Income (UBI) - UBI schemes suggested by the Basic Income Earth Network and think tanks such as Compass propose a UBI of £60 per week - the highest UBI proposal the Commission saw evidence of was for £92 per week (by the RSA). That falls far short of ensuring the Commission's first principle (see *The Plan* and *The Project Report*) of ensuring everyone has enough money to live, whereas the Guaranteed Decent Income of £163.50 does that.

National Insurance contributory benefits – these discriminate against disabled people, women and young people. They can play a role within social security but they do not provide a basis for ensuring everyone has enough money to live whereas the Guaranteed Decent Income does.

2. Child Benefit of £50 per child per week

There needs to be support for bringing up children.

- Rather than including this in the Guaranteed Decent Income, there is already a very good option – Child Benefit.
- Child Benefit has lots of advantages: it is universal, it mainly goes to women, it is simple to administer and understand.
- The only problem with Child Benefit is how low it is and you get an even lower amount after your first child.
- There is no established formula for determining how much Child Benefit should be.
- Looking at the cost of raising a child (for example see the cost of a child in 2021 by Donald Hirsch and Tom Lee, available at https://cpag.org.uk/sites/default/files/files/policypost/Cost_of_a_child_2021.pdf) £50 per week is entirely justifiable.
- So that is the Commission's proposal - Child Benefit should be £50 per week, and it should be the same rate for every child.

3. A new disability benefit

Personal Independence Payment (PIP) isn't working. It needs to be replaced.

- The Commission proposes a new non-means-tested benefit to cover the extra costs that Deaf and disabled people face due to illness/impairments, based on the social model of disability.
- The Commission proposes the following framework for developing the new benefit.

Design

- In full co-production with Deaf and disabled people (who are properly paid for their time).

Principles

- Annual uprating, no one financially worse off, as little burden on claimants as possible for assessment and review, awarded based on need (not top down targets), no risk that anyone will be left with nothing at any point.

Assessments

- Look at support needs across the following areas:
 - ✓ Staying healthy including managing medication/treatment; personal care needs; eating and drinking.
 - ✓ Making decisions and having control of your life.
 - ✓ Keeping safe.
 - ✓ Running a home e.g. keeping it clean, doing laundry, managing money and bills etc.
 - ✓ Caring responsibilities.
 - ✓ Social activities and maintaining relationships.
 - ✓ Work and learning opportunities.
 - ✓ Mobility.
 - ✓ Going out/travel, planning and following a journey.
 - ✓ Communication.

Process

- Individualised assessments based on the claimant's self-identified support needs and testimony.
- A collaborative approach to decision making; assessors/decision makers to have in depth training and understanding of the social model of disability, and impairment and illness awareness.
- More paper based decisions; if decision cannot be made just on paper evidence then assessment venue and type to be of claimant's choosing.
- All forms and communication to be available in accessible formats.
- Free advocacy provided by user led services; fast, accessible, transparent appeals process.
- Take account of a person's full circumstances such as the need for a buddy when travelling or the multiple access barriers Deaf people face.

Payments

- No separate care and mobility components; lifetime awards to be available; longer gaps between reviews.

Payment rates

- Lower - £83.70 per week; Middle - £152.15per week; Higher - £230.77 per week.
- The lower rate matches what someone would currently get if they received the PIP standard rate for both daily living and mobility.
- The middle rate matches what someone would currently get if they received the PIP enhanced rate for both daily living and mobility. It is above the £134.54 per week amount that research by Scope in 2019 found was the average additional cost that disabled people face.
- The higher rate works out at £1,000 per month. Scope's research found that 1 in 5 disabled adults and nearly one quarter of families with a disabled child face extra costs of over £1,000 per month.

4. Links with other areas

Currently, benefits are being used to try to solve problems that could be prevented by improvements to other areas.

● A number of organisations have already set out detailed plans in other areas so the Commission will not duplicate other work but wishes to highlight the following requirements that would help social security to be best able to fulfil its appropriate functions.

- ✓ Jobs with decent pay, decent conditions and no zero hours contracts
- ✓ A free Early Childhood Education and Care system.
- ✓ A National Independent Living Support Service.
- ✓ Free prescriptions and dental care for all and free school meals for all children.
- ✓ Change local tax because people with the highest incomes currently do not pay a fair share.
- ✓ Refugees, asylum seekers and migrants to have access to public funds like everyone else.

5. Further work

The Commission was not able to consider all the issues raised by people.

- Further work is required on a number of themes including the following.
 - ✓ People with addiction issues.
 - ✓ Students.
 - ✓ Mortgage support.
 - ✓ Employment support.
 - ✓ Carers, as they save the Government billions of pounds a year but many struggle financially.
 - ✓ Prisoners and their families.
 - ✓ Deaf and deafblind people who have additional costs including with access to work, British Sign Language interpretation and sensory aspects.

6. Statistical modelling

The Commission needed to check nobody would be worse off under its proposals.

- Statistical modelling was undertaken by the Fraser of Allander Institute at the University of Strathclyde.
- Results are in the table below.
- Key findings are as follows.
- The Guaranteed Decent Income and Child Benefit of £50 per child per week would make more than 30 million people better off - that's over half the UK population.
- Across all household types - people with children, lone parents, households with a disabled person - the majority would be better off.
- But for some people, the Guaranteed Decent Income - despite meeting the JRF Minimum Income Standard - plus increased Child Benefit would not be as much as they are currently getting.
- Around 500,000 people would be worse off than they currently are by 5% or more.
- Transitional protection could be used to ensure no one loses out.
- But the Commission wanted to examine this further, with particular concern about disabled people.
- So modelling was done for possible GDI additions of: a Disability Supplement of £80 per week; a Child Disability Supplement of £29.74; a Higher Rate Child Disability Supplement of £92.86.
- The key finding was each that of these additions would reduce the number of people worse off, but not eliminate losses entirely – some people would still be worse off even with additions.

- It appears that there are (in relative terms) a small number of households with particular individual circumstances that are difficult to cover with blanket additions.
- Additions might be the answer, but not the ones that have been tested. It might be that there needs to be an extra addition where more than one person in a household is disabled and/or a higher addition for disabled children.
- This is another point requiring further work.

Number of people in households Better Off/Worse Off, by household type

		Scenario 1: GDI + CB £50	Scenario 2: 1 + GDI Disability Supplement £80	Scenario 3: 1 + GDI Child Disability Supplement £29.74	Scenario 4: 1 + GDI Higher Rate Child Disability Supplement £92.86
All Households	More than 1% gain	34,600,000	35,590,000	34,600,000	34,600,000
	More than 5% gain	28,700,000	29,920,000	28,720,000	28,700,000
	More than 1% loss	1,020,000	760,000	1,010,000	1,010,000
	More than 5% loss	580,000	460,000	580,000	580,000
Households with children	More than 1% gain	25,980,000	26,200,000	25,980,000	25,980,000
	More than 5% gain	21,070,000	21,400,000	21,090,000	21,080,000
	More than 1% loss	540,000	410,000	540,000	540,000
	More than 5% loss	330,000	270,000	320,000	330,000

Households with 3 or more children	More than 1% gain	5,960,000	6,040,000	5,960,000	5,960,000
	More than 5% gain	5,630,000	5,730,000	5,630,000	5,630,000
	More than 1% loss	200,000	130,000	200,000	200,000
	More than 5% loss	120,000	90,000	120,000	120,000
Households with a lone parent	More than 1% gain	5,050,000	5,200,000	5,060,000	5,050,000
	More than 5% gain	4,630,000	4,830,000	4,640,000	4,630,000
	More than 1% loss	320,000	230,000	320,000	320,000
	More than 5% loss	200,000	160,000	190,000	200,000
Households with a disabled person	More than 1% gain	5,560,000	6,000,000	5,560,000	5,560,000
	More than 5% gain	4,930,000	5,530,000	4,950,000	4,940,000
	More than 1% loss	210,000	90,000	200,000	200,000
	More than 5% loss	110,000	60,000	100,000	110,000

Households with a disabled child	More than 1% gain	1,240,000	1,280,000	1,240,000	1,240,000
	More than 5% gain	1,120,000	1,190,000	1,130,000	1,120,000
	More than 1% loss	50,000	20,000	50,000	50,000
	More than 5% loss	20,000	10,000	20,000	20,000
Households with a disabled adult	More than 1% gain	4,320,000	4,720,000	4,320,000	4,320,000
	More than 5% gain	3,810,000	4,340,000	3,820,000	3,820,000
	More than 1% loss	160,000	70,000	150,000	150,000
	More than 5% loss	90,000	50,000	90,000	90,000

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