NEF working paper
Social security for a new social settlement

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Summary

Social security systems help people avoid financial hardship during transitions such as moving from education to employment, becoming a parent, becoming unemployed, changing physical or mental health, and entering old age. Providing payments known as ‘benefits’, they guard against insecurities relating to the labour market, the cost of living and personal health. Over the course of our lives almost all of us will claim benefits of some kind. Around half of us have been part of a family receiving benefits within the last 18 years.¹ In the UK, social security competes with the NHS for position as the most politically-charged aspect of the welfare state.

Benefits are talked about as though they are an economic and social drain. In fact, they have numerous potential benefits to society. An effective social security system can offer:

- Security against risks and in transitions for everyone, not just those who can afford private insurance;
- More equal shares in what society has to offer: with equal opportunities to play a meaningful role, contribute what you can, receive mutual support, and fulfil personal potential;
- Prevention rather than crisis management;
- Shared sympathy and responsibility, through collective action against insecurity and redistribution of wealth; and
- A systemic approach to valuing and supporting unpaid work as well as paid work.

Not all of these potential benefits are currently being realised. In order to unlock them, social security needs to change in the following ways.

**Investment in upstream benefits**

Open up access to benefits which intervene before harm occurs. Different sorts of benefits can be more or less ‘upstream’ in the extent to which they prevent poverty and inequality. More upstream social security like Child Benefit should have fewer terms and conditions attached, so that these benefits have the furthest possible reach.

**Inclusive participation**

Support paid and unpaid labour through benefits and in Jobcentres. Taking account of people’s whole lives, Jobcentre activities and conditions should value and support people’s unpaid roles within society, rather than viewing them as barriers to their capacity to undertake paid employment. People providing informal care to relatives should be better supported to do so, through a carer’s allowance that takes account of the value which unpaid carers contribute to society, and through in-kind support, as more people choose to take on informal caring roles.
Labour market tackled in the round
The government must support labour market participation by addressing both supply and demand. This means supporting people to access employment and investing in ‘good jobs’ to ensure that the right sorts of employment are actually available. When government attaches conditions to receiving certain benefits, they should also make commitments to other measures that address background injustices in order to make these conditions fair. This may involve affordable childcare, fairer pay, more substantial workplace adjustments for disabled people and a ‘good jobs guarantee’.

Co-produced support
Transform Jobcentres so they are more transparent institutions, rooted in the local area and providing meaningful support that people want to access. Co-production is good at valuing what people have to offer when they engage with professionals, drawing on non-financial resources such as time, empathy and life experience. Relationships in co-production are mutual and reciprocal, creating contexts in which people can safely give and receive. Peer support is encouraged and social networks are viewed as a valuable resource. These elements make co-production a relevant method for reshaping Jobcentres, which have the potential to be dynamic hubs for exchanging skills and accessing opportunities. A timebanking model could help to make better use of the 850,000 hours a month people spend in Jobcentres across the country.

Democratic decision-making
Give people more direct say over social security - in Jobcentres, regions and at a national level. New structures of dialogue and participation would help people to make better decisions about benefit levels, conditions and forms of employment support. Considering the evidence and hearing first-hand about the experiences of people receiving benefits would begin to address negative attitudes associated with claiming benefits.

A staged approach to change
We suggest evolution rather than revolution as a means of changing social security. Each stage in the process should build momentum for three broader shifts: changing attitudes to people receiving social security, galvanising improvements to the labour market, and building appetite and capacity for inclusive democratic decision-making.
Introduction

The present social security system is under attack from political parties which see benefits as a drain, rather than as an investment in the well-being of society and economy. Welfare reforms focus on reducing the support available and encourage an individual rather than collective response to the challenge of income insecurity. Instead, we want to shape a social security system which pools risk and shares resources in order to provide security for everyone when they need it. In order to achieve this we recommend focusing on prevention over crisis management, bringing in both financial and non-financial resources (including people’s life experience and time), and taking a more democratic approach to decision-making.

Why do we have a social security system?

The original idea of welfare is to enable everyone to journey well through the course of life. Welfare states combine social security with other public services to help make it possible to ‘journey well’ in modern societies.

Social security deals with the problem of insecurity by taking a social rather than an individual approach. Resources are pooled, and support is available for times when people face financial hardship – whether through unemployment, low pay, retirement or having children. A robust social security system can stop the costs of care “lying where they randomly fall”, by providing carers, parents and disabled people with extra payments which mean they do not have to bear the costs of care alone. This is important if people are to journey well through their lives; responding well to transitions such as moving from education to employment, becoming a parent, becoming unemployed, changing individual physical or mental health, and entering old age. Cross-national evidence shows that benefits insuring people against low income in unemployment improve well-being for all (not just people with personal experience of unemployment) since they provide security – the knowledge that financial help will be provided when it is needed.

In the UK social security ‘benefits’ are funded through taxation and National Insurance Contributions. They are paid to people in low-paid work and out of work, for maternity and paternity, during sickness or disability, and in retirement, with a limited system of payments for full-time carers of sick or disabled relatives, and lone parents with children under five. Over the course of our lives almost all of us will claim benefits of some kind. Around half of us claimed benefits within the last 18 years (51.9% of us when Child Benefit is included in the calculation; 47.8% when only means-tested benefits are included). The social security system also encompasses employment services and applying the conditions on receiving benefits, including ‘fit-to-work tests’ for disabled people and attendance at Jobcentres and other employability agencies.
Purpose and limits of this paper

Reform of the social security system is high on the political agenda. The government aims to reduce the amount it spends on benefits. All three main political parties want to make conditions for receiving benefits more stringent and to extend the disciplinary power of Jobcentre staff through sanctioning. Other political organisations, including the Green Party and the Common Weal movement in Scotland, propose an unconditional social security system – with a ‘citizen’s’ or ‘basic’ income paid to everyone.

NEF aims to contribute to the debate by emphasising the potential of the social security system to benefit society as a whole, and proposing an agenda for achieving the change we need. We limit our analysis here to social security for unemployed people, disabled people, carers, children and families. Many of the principles also have some relevance for people in low wage jobs receiving wage top-up payments out of social security. Pensions are beyond the scope of our paper. We consider both social security payments (benefits) and employment services provided by Jobcentres, and suggest a staged approach to changing the system.

This is part of a wider project, setting the direction of travel for a new social settlement through blogs, publications and discussions. A social settlement is an agreement between people about how we interact with each other and with the state. The post-war settlement brought different interest groups together to agree institutional structures to moderate relations between labour, capital and government. We propose a ‘new’ settlement that builds on the enduring strengths of the post-war welfare state, while making substantial changes; which takes account of seven decades’ worth of material and political change; and addresses a new set of social, environmental, economic and political challenges.

This new social settlement has three main goals: social justice, environmental sustainability and a more equal distribution of power. Our working definition of social justice is that every individual is of equal worth before the law, has an equal right to the essentials of a good life and is entitled to genuinely equal opportunities to enjoy well-being, fulfil their potential and participate in society. In an insecure world, social security is an important component for achieving social justice. In this paper we also consider how changing the social security system could result in more equal shares of power.
Part 1: Changing the debate

In a new social settlement, social security should be part of an economic and social system that enables well-being for all. Welfare should enable people to journey well through life, supported to cope with its risks and transitions. Based on shared sympathy and responsibility, it should provide security for everyone when they need it, and prevent people from reaching the point of crisis. Taking a systemic approach, it must value and support unpaid work as well as paid work. In order to achieve this we need a different set of principles driving our response to insecurity and need.
The social security system today

Brief history
Before 1906, most of what existed to assist people in times of sickness and unemployment was poverty relief, offered by churches and workhouses. The idea of providing social security through a system of collective insurance was developed by a Liberal government, which in 1906-1914 introduced unemployment insurance, sick pay and pensions – although not everyone was eligible for these benefits. The Beveridge report of 1942 and the post-war welfare state settlement of 1946 aimed to create a truly comprehensive system, to provide people with “cradle to grave” welfare through a combination of social insurance and public services. Beveridge proposed pooling resources to create an insurance system that “offer[s] security for service and contribution”.

A major problem with Beveridge’s plan was that not everyone was able to contribute to the social security system as he had imagined. In a male breadwinner society, many women were not working and did not make the monetary contributions that would qualify them for insurance in their own right. Payments to help with the costs of children were set at a low level and were not available for the first child until the late 1970s, when Child Benefit was introduced. Likewise, disabled people could not be part of the insurance system. Those excluded from insurance were offered ‘social assistance’ which gave a much lower rate of benefits than social insurance, providing subsistence and poverty relief, but not wider security. This problem only worsened through decades of social and economic change. The economy changed radically over the 1970s and 1980s. More women joined the labour force but often in low-wage jobs. In the 1980s deindustrialisation led to the disappearance of huge numbers of manufacturing jobs, leading to long-term unemployment for many men. Lower taxes and the liberalisation of labour market policy exacerbated the unemployment problem and increased economic inequality. Benefit rates gradually declined. More and more people needed social security, and governments sought to reduce demand, but without addressing underlying economic policies that generated those needs.

From the 1990s, governments focused the social security system on changing individual behaviour and ‘activating’ more people into paid employment. They focused almost exclusively on ‘welfare to work’, not on creating a coherent or comprehensive social security system. This meant curbing rates of benefits as an economic incentive to work, and strengthening the Jobcentre’s role in supporting and controlling benefit claimants. Conditions for receiving benefits became stricter and more complex. This was not especially effective, particularly during recession. When the 1990s recession ended (around 1996), job creation picked up but many new jobs were poorly paid and lacked secure terms. Wage top-ups in the form of tax credits were introduced in 2003 to patch up this problem, relying on GDP growth (meaning growing revenue-raising potential for government) as a panacea instead of
addressing the underlying issue of income inequality. The panacea of economic growth was lost in the 2008 financial crash and subsequent economic crisis.

The present government has focused on reducing how much money people can receive. They have relied on the claim that many people receiving social security are ‘scrounging’ out of laziness and disengagement from society. In spite of the economic recession, unemployment is regularly described as an instance of personal failure, particularly if it lasts for any length of time. Evidence has since been building of the impact of social security cuts across the UK on people who need benefits in order to avoid financial hardship, but the message remains that cuts are the only way to force people to take responsibility for their own lives. So far, the reforms have only slightly reduced overall spending on social security because of rises in the numbers of people on low wages requiring wage top-ups and the growing expense of pension provision, which continues to make up slightly more than half (54%) of all spending on benefits. Furthermore, living with constant financial uncertainty, people are actually disempowered and finding it harder to make plans for the future; this, in turn, reduces the potentially preventative value of social security.

**What’s wrong with now?**

The current arrangements of the social security system are flawed. Some of these flaws are historic; others are due to recent changes. Each of them undermines the ability of the social security system to enable everyone to journey well through life – with equal opportunities to enjoy well-being, fulfil their potential and participate in society, coping well with transitions.

1. **Individualist**: Social security was designed to socialise the risks of insecurity, in other words, to share risks collectively. The approach is now to individualise; deeming risk the fault of the individual, instead of wider economic and social factors. This is particularly true of the way benefits are characterised by political leaders and administered in Jobcentres. People using Jobcentres describe feeling individually blamed for being unemployed, or for having children as a single parent. Stigma associated with receiving benefits encourages people not to claim, even in times of need. Some people make private arrangements to deal with insecurity; this can deepen inequalities because it is easier for some than others to cope without social security, depending on whether, for example, they have built up savings or have families who can support them in life’s transitions.

An individualised system is much less able to tackle disadvantage than a social system, does not support diversity of circumstance and employment, and cannot benefit from risk pooling. Some individuals, perhaps with significant wealth or power, may feel they have more to lose than to gain through risk pooling because they already feel secure. Yet everyone has much to lose through the individualisation of social security. Societies with high levels of insecurity tend to experience higher
levels of crime, division along cultural, social or economic lines and lower well-being across the board. Security for all is better for everyone.

2. **Minimal and diminishing levels of income:** Benefits in the UK have never been especially generous in comparison with some European countries. Welfare cuts are further reducing the levels of income, leading to everyday insecurity, fear of the future, and rising levels of deprivation. The effects of this are being seen in the growing demand for food banks, increasing levels of household indebtedness, a growing child poverty problem, and widespread mental ill-health. These cuts have already received international criticism from the European Council, the International Labour Organisation, and the United Nations. Even so, proposals are being developed for cutting payments even further through a two year benefit freeze from 2016 and reducing the benefit cap from £26,000 to £23,000 a year.

Decent levels of benefits could help people avoid experiencing a decline in mental and physical health due to unemployment, or ending up in debt due to the onset of an illness or impairment. Low levels of benefits undermine the capacity of social security to prevent such problems occurring.

3. **Low trust and punitive:** In order to activate people into work, the system uses compulsion, threat and punishment. Penalties in the form of sanctions are applied if conditions are not met. Sanctions ‘disentitle’ people to social security for periods of between one week and three years. An independent review of the sanctioning regime found that people were frequently sanctioned even when they had a good reason for not meeting social security conditions in that instance. In 2013 a high proportion of people - between 43% and 53% - who took steps to legally challenge sanctions applied to them had the decision overturned because they were found to be unlawful. Unjust sanctioning demonstrates the extent to which people receiving social security are not trusted to act in good faith. In a recent piece of peer research, mothers described how they were made to feel like a ‘nonperson’ in the system: not listened to, ‘told off’ and shamed. These experiences of low trust were demotivating – making people feel incompetent and unconfident. They have the opposite effect from enabling people to fulfil their potential.

4. **Fetishises paid work:** The major stated aim of the current social security system is to get more people in paid employment. While it is important to increase the numbers of people with access to paid work, the current expression of this goal is over simplistic and short-sighted. Little or no concern is given to quality of work, which has led to people getting jobs that are unsustainable, whether due to working hours that are inappropriate to their circumstances, distance they must travel to work, or lack of attention given to whether the job can be synchronised with their caring responsibilities. The effects of compulsory back-to-work programmes are often short-lived and people return to out-of-work social security payments within weeks.

Disability rights campaigners point out that work in the wrong conditions can make people more sick or unwell and negate the potentially therapeutic value of social
mixing, learning and using skills in employment. Evidence tracking rates of well-being suggests this is also true for the wider population: being in paid employment does improve well-being but only when the job offers fair pay, an opportunity to use individual strengths and routes for career progression. Paid work that does not allow someone to have a reasonable work-life balance tends to be detrimental to well-being.

5. **Renders the ‘core economy’ invisible:** There are around six million people in England and Wales providing unpaid care for an ill, frail or disabled family member or friend. Of these carers, 37% provide more than 20 hours of care – without being paid for it – each week. By ‘core economy’ we mean the production and exchange of uncommodified human and social resources that are part of everyday life and relationships – time, wisdom, experience, energy, knowledge, skills, care, teaching and learning. Without this core economy, life as we know it would grind to a halt, and this is another reason why society and economy suffer when paid work is fetishised. Based on the latest census and the unit cost of formal care, it is estimated that the government saves approximately £119 billion a year thanks to informal carers. Carer’s Allowance is £61.35 a week and is designed to support carers, but not to remunerate them for their work. Furthermore, it is only payable to people spending at least 35 hours a week on care for someone with ‘substantial needs’. Other unpaid care is provided by parents with young children, and an increasing number of ‘sandwiched carers’ who care both for children and for elderly relatives.

Informal care, because it is unpaid, is largely invisible in the social security system. Lone parents find that attendance at the Jobcentre is inflexible for their caring responsibilities. Formal childcare, in institutions or with childminders, is gradually being recognised as a productive social investment, but supporting parents to care is not. There are few ways in which these ‘non-economic’ contributions are recognised, and there are long-term penalties associated with care-giving, in terms of career progression, financial resources and pension eligibility. Unpaid care is low-status and is still provided mainly by women rather than men. There are limited ways for men to enter caring roles or to balance work and care, at least partly because in the social security system this work is discouraged rather than encouraged, because it is seen as an economic drain, rather than an investment.

6. **Divisive and disempowering:** People are treated as individual entities in the Jobcentre and there is little mixing between groups. This helps entrench divisive ideas about skivers and scroungers. These concepts also disempower people because it is harder to challenge or contest a system in which there is such a high risk of being labelled with one of these terms. People also have little to no influence over decisions made by policymakers and Jobcentre staff about benefits and employment support.
A different social security system

What do we want instead?
Instead of a system of diminishing benefits and punitive Jobcentres which individualises, demotivates, undervalues, divides and disempowers people, we want a system that enables everyone to journey well. In a new social settlement, we must negotiate a different social security system - one that creates the conditions for well-being for all, by providing:

- Security against risks and in transitions;
- Equitable shares in what society has to offer, with equal opportunities to play a meaningful role, contribute what you can, receive mutual support, and fulfil personal potential;
- Prevention rather than crisis management;
- Shared sympathy and responsibility, in a context of solidarity; and
- A systemic approach to valuing and supporting unpaid work as well as paid work.

How do we get to what we want? General principles
These principles are ‘rules of thumb’ that can help to make better decisions about the future of social security, based on the goals listed above. They apply to the policy and practice of benefits and employment services.

1. **Take a rounded approach** based on an understanding of people’s whole lives, not just their capacity to earn money. Asset-based community development approaches highlight the numerous skills and abilities that people have and which public services historically (in the former social settlement) failed to recognise by focusing solely on people’s deficiencies and needs.37 Some people are community-builders, who help build and maintain social networks in local areas; others have creative contributions to make as artists, writers and musicians, shaping culture. People have the capacity to be good neighbours, parents and friends. Few of these capabilities and activities are tradable in the market economy, and their efficacy and meaning could be diminished if they were.38 However, they are hugely valuable. They sustain the ‘core economy’ that allows children to grow up well, people to make social connections, family or friendship networks to take care of each other, and society as a whole to flourish.39

To enable people to contribute their full potential, the social security system (and the labour market for that matter) should take the whole person into account and draw more on non-financial resources such as people’s time and ability to provide informal support to their peers.
2. **Base the system on collective action, shared risk and pooled resources.**
   This is more effective for the insecurities we face, and fairer than individual protection. We face large-scale insecurities: from global trade and currency markets affecting prices and leading to uncertainty about the cost of living; to changing patterns of work and insecure forms of employment; and, increasingly, to changes to the environments we inhabit due to climate change. These insecurities affect people on an individual level when, for example, they lose their job, are forced to move home due to flooding, or struggle to afford the costs associated with bringing up children. But none of these fundamental insecurities can be addressed by individuals alone, as NEF has argued elsewhere.\(^{40}\)

To provide security for everyone, inclusive and collective action is needed, which means creating a system that is common to rich and poor, not one differentiated by background and income. In a collective system, it is still possible to encourage personal responsibility, but this takes on a different meaning, as people recognise the support they need from others in order to fulfil their responsibilities. A group of parents from South London engaging in peer research developed the following, reconsidered definition of personal responsibility:

“In the context of people being interdependent, we see personal responsibility as asking for support when it’s needed and giving it when you can.”\(^{41}\)

3. **Consider both benefits and services**, recognising that sometimes services are more effective than benefits at addressing disadvantage and addressing harm. Public services have been described as ‘the social wage’, because they provide collectively-funded services that would otherwise have to be purchased individually. In OECD countries, public services such as healthcare and education are on average worth 76% of post-tax incomes for bottom income groups and hence help tackle economic inequality.\(^{42}\) The provision of childcare as a public service has been shown to have multiple benefits for parents, children and childcare workers, whereas the use of additional benefit payments for childcare has proven costly in the UK, and more likely to widen social inequalities.\(^{43}\) Universal public services help build solidarity and promote equal opportunities. They should be seen as part of a package of support, playing a complementary role alongside social security benefits.

4. **Favour an upstream approach**, which seeks to prevent harm before it occurs instead of coping with it downstream. For example, unconditional benefits for children help to prevent child poverty and the associated impacts on children’s education and health, and, in later life, on their opportunities and well-being.

5. **Build mutual confidence, trust and acceptance** between present recipients of social security, and also wider society. This is important for the functioning of society, and necessary for sustaining collective action.\(^{44}\) Eminent psychologists
emphasise that feeling a sense of ‘belonging’ is essential to human well-being and self-motivation. In order to belong, everyone needs to feel they are an accepted and deserving member of society, whether or not they are currently claiming benefits.

6. **Aim to make people feel more powerful rather than powerless**, such that people know they can make positive changes in their lives and be of help to others. Increased levels of ‘life control’ improve people’s life chances. Life control means people have the power to influence decisions that affect them, by holding a *valued role* (as opposed to a tokenistic one) in decision-making structures. Having control over one’s circumstances, in employment and elsewhere, is an important determinant of health and well-being.
Part 2: Setting the agenda

In order to change social security, we need to shift core cultures, institutions and ideas, embarking on change strategically and gradually. Here we outline six practical components of a social security system that addresses insecurity and enables people to journey well. We suggest a staged approach to changing the system in order to catalyse three broader shifts: changing attitudes to people receiving social security, galvanising improvements to the labour market, and building appetite and capacity for inclusive democratic decision-making.

Table 1: Summary of components of change

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<th>Component</th>
<th>Policy priority</th>
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<tr>
<td>Create the conditions for security</td>
<td>Tackle inequality across the board – with affordable childcare, fairer pay and investment in well-designed new jobs</td>
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<tr>
<td>Invest in upstream benefits</td>
<td>Open up access to benefits which intervene before harm occurs such as Child Benefit and support for staying in education and progressing in work</td>
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<tr>
<td>Inclusive participation</td>
<td>Support paid and unpaid labour through social security and in Jobcentre arrangements</td>
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<tr>
<td>Tackle labour market in the round</td>
<td>Ensure the right sorts of employment are actually available, through investment in ‘good jobs’</td>
</tr>
<tr>
<td>Co-produced support</td>
<td>Transform Jobcentres so they are more transparent institutions, rooted in the local area and providing meaningful support that people want to access</td>
</tr>
<tr>
<td>Democratic dialogue and decision-making</td>
<td>Give people more direct say in social security policy – at the level of Jobcentres, regions and nationally</td>
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Component parts of a different social security system

Create the conditions for security (for all)
Social security has to be part of a broad approach to addressing inequality; otherwise some people will be much more affected by insecurity than others. There are several areas which require action in order to reduce disparities of income and wealth. As NEF has set out, reducing economic inequality is possible, and can be helped through a focus on the following policies:

- More affordable arrangements for childcare;
- Wage-floors in line with the living wage;
- Collective voice for workers in all sectors and workplaces;
- Clearer progression pathways in the labour market with greater opportunities to access training for skills-development;
- A coordinated national industrial strategy, supported by the establishment of a state-owned investment bank aimed at creating well-designed new jobs.

These policies would ensure that the labour market plays a strong role in supporting people to earn a living and addressing disadvantage. They would prevent some forms of labour market insecurity such as unfair or ill-defined employment contracts, and would reduce some of the ‘heavy-lifting’ which benefits currently do in topping up low incomes.

Invest in upstream benefits
To intervene before harm occurs, we need to invest in benefits that have a preventative value, in particular for preventing poverty and inequality. There are several benefits which could operate in this way:

- In early years, Child Benefit minimises disadvantage and prevents the harm caused by child poverty;
- Education Maintenance Allowance (before it was abolished) was effective in preventing young people leaving school early due to the pressure to start earning experienced by those from low-income households;
- Subsidised tuition fees and grants for post-school education and training can be seen in the same light;
- Government-sponsored grants and interest-free loans to cover the cost of replacing household goods and furnishings play a preventative role in supporting people to avoid getting into debt during periods of transition and crisis (and these are now under threat due to diminishing Social Fund budgets);
- Paid leave from employment to undertake training programmes can provide opportunities for career progression, improved job security and increased wages, to prevent in-work poverty;
- Helping people save by granting initial credit when someone opens a Credit Union account, could be a constructive early intervention to support people’s incomes in the longer term.

It is worth emphasising that all benefits are potentially preventative. They can help prevent people experiencing a decline in mental and physical health due to unemployment, or ending up in debt due to the onset of an illness or impairment. Recognising the preventative value of benefits involves a shift in mind-set – from seeing benefits as a drain, to seeing them as a form of investment and tracking their impact over the long- rather than the short-term.\(^50\)

Investment in benefits can be more or less ‘upstream’ in the extent to which they prevent poverty and inequality.\(^51\) In the examples given above, Child Benefit is clearly upstream because it helps prevent poverty in early years, while the Social Fund is midstream to downstream because it addresses a problem (not enough income or savings to cope with large expenses or emergencies) which could have been addressed earlier through better levels of benefits and support to save. More upstream social security should have fewer terms and conditions attached, so that these benefits have the furthest possible reach, and thus we must stop the slide towards means-testing facing Child Benefit.

**Inclusive participation**

Social security entitlements and Jobcentre activities need to be more inclusive in supporting paid and unpaid labour, helping us to achieve the best balance of both as a society. This involves giving greater recognition to the informal care provided by many current recipients of benefits. It also means opening up opportunities for others to contribute as informal carers for up to a certain number of hours a week.

For carers, this would mean a more substantive rate of carer’s allowance and more opportunities to take periods of leave from caring responsibilities. Parents should also not be penalised for time spent caring for children. Two thirds (65\%) of the households affected by the benefit cap are single parent families with caring responsibilities.\(^52\) We need greater recognition of the value of supporting people to care (such that they do not live in poverty as a result), as well as better opportunities for parents to access good jobs with shorter working hours (say, 15-30 hours a week instead of 40-50 hours).

Taking account of people’s whole lives, Jobcentre activities and conditions would value and support people’s unpaid roles within society, rather than viewing them as barriers to their capacity to undertake paid employment. This involves early recognition, during a person’s first engagement with the Jobcentre, of caring responsibilities and the time commitment these require; realistic expectations of people’s involvement in Jobcentre activities and regularity of attendance; and active
support for making reduced hours a valid option for people who contribute to society in other ways than through paid employment.

**Labour market participation tackled in the round**
A rounded approach recognises that labour market participation is only one aspect of life, but that, given the right working conditions, it can be an important way for people to use their skills and abilities, and experience competence and fulfilment. The social security system should support labour market participation in the round, which means providing people with support that helps them access employment, and ensuring that the right sorts of employment are actually available — addressing both supply and demand.

The Jobcentre requirement to spend a prescribed number of hours searching for employment only becomes meaningful to people when they feel that Jobcentre staff, and central government, are also opening up opportunities and investing in job creation. Jobcentres should be more open with service users about the ways in which they are linking up with local employers, and willing to receive suggestions from people about how they could better engage with and help shape the local economy. Stuart White proposed the idea of reciprocal conditionality – between people and the government. This means that when the government introduces conditions for receiving certain benefits, they must also make commitments in policy and practice to other measures that address background injustices in order to make these conditions fair. A jobs guarantee, as proposed by the Labour party (for under 25s who have been unemployed for more than a year), could form part of this reciprocal commitment but it should provide good jobs, not just any job – or risk re-creating the problems of short-term employment outcomes. A good job is also unlikely to be a compulsory one, and this is the problem with Labour’s present proposal. Similarly, addressing the labour market in the round for disabled people would mean strengthening the obligation on employers to provide reasonable adjustments for disabled staff.

In broad terms, a commitment to good jobs should be central to government policy across departments – in social security, industrial strategy, employer regulation and company reporting – and we should aim to realise the right to a good job for everyone, economy-wide. The following definition of good employment has been developed by NEF:

“A good job is one that we can define as offering enough pay to live on, decent terms and conditions, including work-life balance, progression opportunities, equal treatment for different groups (for example, by gender), an acceptable level of security, and worker representation in decision-making. In addition, a good job may be described as contributing to meaningful and sustainable activity for local economies and society, which also reflects on the types of businesses that a policy approach might wish to encourage.”
We must take stock of the potential of a shorter working week for transforming the labour market. Changing norms in working hours by promoting 20 to 30 hours instead of 40 to 50 hours would make the goal of a good job for everyone more realisable. More people could participate in the labour market, all of them for fewer hours a week; distributing paid labour more equitably. In the social security system it must become acceptable to apply for shorter working hours contracts without forfeiting benefits, and in law employees need to be given more rights to negotiate reductions in their hours. It will be essential to tackle low pay as part of the move towards shorter paid working hours, as NEF has argued elsewhere.

**Co-produced support**

Co-production offers an approach for reshaping Jobcentres so they are more rooted in the local area, and provide meaningful support that people want to access. Co-production is defined as: “a relationship where professionals and citizens share power to plan and deliver support together, recognising that both partners have vital contributions to make in order to improve quality of life for people and communities.” Everyone involved, including those for whom services are intended and frontline staff, co-design and co-deliver activities which they agree will be helpful in meeting their shared aims. As an approach co-production has been applied to a range of service sectors including health, mental health, social care, youth services, education and criminal justice. It has not yet been applied to Jobcentres.

Co-production is good at valuing what people have to offer when they engage with professionals, drawing on non-financial resources such as time, empathy and life experience. Relationships in co-production are mutual and reciprocal, creating contexts in which people can safely give and receive. Peer support is encouraged and social networks are viewed as a valuable resource. Each of these elements of co-production makes it a relevant method for reshaping Jobcentres, so that they have the potential to be dynamic hubs for exchanging skills and accessing opportunities.

In order to co-produce support in Jobcentres four relationships must change: between staff and current benefit recipients; between benefit recipients themselves; between Jobcentres and the social networks that exist in the local area; and between Jobcentres and national government. In a co-produced Jobcentre, staff would act as facilitators, rather than deliverers, of employment support. They would facilitate relationships between peers who attend the Jobcentre through peer mentoring and mutual support groups, building trust between benefit recipients who used to categorise and judge each other. People who are not currently receiving benefits would also become involved in Jobcentres on a voluntary basis, to both give and receive support. The aims of the activities of Jobcentres would be agreed by Jobcentre staff and current benefit recipients, instead of being set by government.

To produce and sustain these different relationships, Jobcentres require a different internal structure built around exchange, instead of one-directional support and
compulsion. They need to place value on the time of both professionals and the people using the service. Time currencies could help to change the way that Jobcentres operate, by valuing the time that people put into co-producing the service and also connecting Jobcentres with the local area. With timebanking everyone’s time is valued equally: you give an hour and you get an hour’s time credit.  

Some public services are already benefiting from the principles of timebanking, using time credits to reward people who are giving time. Spice is an organisation that has been pioneering this approach and over the last year they have trained schools, children’s centres, community centres, libraries and other services in co-production and time credits. Jobcentres could be next. As one service working with Spice time credits explains, “The concept has created a quiet storm, we have seen customers who previously had no structure start to engage with their support workers, asking about time credits and telling us about their individual skills. This has been a very positive beginning.”

Timebanks have developed methods for tracking participation and counting hours deposited. This could provide a structure for giving and receiving support at Jobcentres in place of counting job searches and signing on. People using Jobcentres could themselves develop a tailored package of activities to support them to find a good job – combining, for example, charitable volunteering, visits to local businesses, interview practice and peer mentoring – to meet a certain threshold of hours of required participation over the course of a month. Jobcentres would become branches in a time credits network, logging hours of employment-related activity and also hours spent providing support for other people – for example,childminding for a peer who is attending a job interview, teaching someone else a skill, or doing a survey of local businesses and job opportunities.

Using time credits, Jobcentres could release hours for community-based projects and volunteering, but unlike the government’s enforced ‘volunteering’ to ‘earn’ benefits (‘mandatory work-related activity’), participants would make their own choices about how and where to volunteer. Local people from faith groups, social movements and charities could become part of Jobcentre activities by earning time credits for the voluntary time that they give. Time credits could be used by anyone to access the support of the Jobcentre, regardless of where their credit had been earned, if they wanted to learn a new skill, refresh their CV or develop their leadership skills. Currently Jobcentres are used by around 1.7 million people each month. Assuming an average 1:1 appointment length of 15 minutes a fortnight, this totals 850,000 hours a month that could be used differently and more productively.
Democratic dialogue and decision-making

Structures of participation for making better decisions in the social security system are also needed. Decisions are concerned with conditions on receiving benefits, rights and responsibilities, benefit rates and Jobcentre support. These decisions need to be routinely made in a more democratic manner, with people who have first-hand experience of benefits. This should take place at three levels: in each Jobcentre, in each local area, and nationally.

At the level of the Jobcentre, peer supporters could review whether someone is making use of the opportunities for participation provided and whether the Jobcentre is operating effectively to provide sufficient support. They would shape the next steps in co-designing employment support with that individual. At the level of local areas, democratic people’s panels involving current benefit recipients and other local people, could assess whether benefit conditions are fair and appropriate based on evidence of their impact on the local Jobcentres, and suggest local resources that could be linked up better with Jobcentres. These local bodies could contribute evidence to a national board, which would use participatory methods to review benefit rates and advise government on changes.

Many of these activities already go on informally. Local community action groups and charities evaluate local need and present evidence to local authorities and members of parliament. Disability Rights campaigners survey their members regularly to make suggestions about how conditionality should be altered. National charities and universities are involved in participatory budgeting, estimating on an annual basis a Minimum Income Standard – a weekly sum considered by focus groups to be enough for a minimally acceptable standard of living. Instead of these groups striving to have influence, democratic bodies should be developed to which government is formally accountable.
Levels of income

What level of benefit allows people to journey well?
A social security system should aim for benefit levels that enable people to journey well and prevent them experiencing poverty. Setting benefit rates has never been simple and that is why we suggest a process of deliberative dialogue for reviewing the levels of income provided by the social security system. Such deliberations should also reflect on evidence – both academic and through personal testimony – relating to several considerations. Cost of living is an important basis for setting rates, but so are the following:

- Cost of children, which research estimates to be between £7,500 and £9,200 a year for every year of a child’s life up to 18, including the costs of housing, council tax, childcare, transport and basics such as food and clothing.  
- Cost of living with an impairment or illness: caused by additional resource needs such as equipment, modifications, and support, and other costs incurred in the course of being a disabled person operating in an environment that is designed around the preferences of able-bodied people such as using a mobility taxi to travel.  
- Amounts needed to participate in society: this is recognised by the focus groups developing the Minimum Income Standard, which includes having enough to invite friends round for food and drinks on celebratory occasions, to buy birthday presents for family, and to take a week’s self-catering holiday in the UK once a year. Social participation facilitates people making contributions within society, which is why the rates in student loans for living costs at university also go beyond covering the basic necessities of food, shelter and clothing.  
- The value of autonomy, defined as “the ability to make informed choices about what should be done and how to go about doing it”. In another working paper in this series, Ian Gough describes the role of personal autonomy as a basic human need, which can only be achieved when people have opportunities to build cultural understanding and undertake socially significant activities, some of which may have a financial cost.  
- The effect of economic inequality on consumption and social acceptance. The income gap makes it harder for people to experience social acceptance and belonging without achieving a certain “publicly acceptable” level of consumption, in order to “keep up with the Joneses”. This shows how important it is to tackle inequality at root as well as to challenge prevailing ideas about how much consumption is “enough”, bearing in mind that current levels are environmentally unsustainable.  
- The importance of reducing the carbon footprint of our individual consumption in the UK, in order to take account of the needs of future generations. Structural factors currently hamper peoples’ attempts to reduce their carbon footprint.
Research into a Green Minimum Income Standard suggested some ways of facilitating reductions in household carbon emissions, for example: improving the availability of energy efficient household appliances, putting pressure on low-cost supermarkets to improve transparency regarding the carbon footprint of their supply chains, and addressing the premium prices associated with ‘green living’.  

The Early Action Task Force points out that social security should pay enough to live on if it is to prevent people entering into debt or experiencing worsened health or life chances (for children and adults alike) during life transitions. In applying a welfare cap and a benefit freeze, the government has taken an especially blunt approach to setting benefit rates, which fails to consider basic needs and the knock-on effects of reducing benefit levels on people’s lives and other dimensions of government spending – to health services (as people’s health deteriorates), to courts (as debts build on rent and council tax) and to the local authority (through crisis, displacement and homelessness). Out-of-work families receive benefits that fall far short of what is needed to cover the costs of children and have a minimum acceptable standard of living, which means that social security offers little more than crisis management, and is unlikely to help them explore ways to better balance paid work and caring responsibilities.

Instead of being based on an arbitrary spending cap, benefits for all individuals should be based on human needs: taking account of basic costs, additional needs for some groups, the means of participation and autonomy, and the needs of future generations.
Making the change

Should we aim for a basic income?
Several groups, including the Green Party and the Common Weal movement in Scotland, propose a ‘basic’ or ‘citizen’s’ income as the foundation of a new social security system. A basic income would be an unconditional payment made to every individual. Accordingly, it could be paid to everyone on a monthly basis and would aim to provide “a basic amount on which every citizen can survive excluding housing and any extra costs for disability living,” which would be addressed separately.81

Here we consider whether a basic income should be the aim of social security reform.

The proposal has strengths worth considering:

- A basic income would – in theory – create a rights-based social security system, altering the logic of the system and ascribing a different meaning to benefits by providing them as a right for all rather than in response to people’s particular needs at specific times, or as a benefit earned by past social contributions.
- It could support unpaid activities: with a guaranteed income, more people would be able to spend more time on unpaid activities, such as care and local collaboration, making a contribution to the ‘core economy’.
- It could ensure a minimum from which no-one is disqualified: this helps tackle poverty overcoming the “withdrawal effect” of losing unemployment-related benefits (however incrementally) when starting a job.82
- It entails no official enquiries into a person’s activities, household arrangements and level of wealth, compared with present-day means-tested benefits.
- Consequently, it abolishes the complexity and administrative costs of the current system.
- It reduces division and stigma, through the inclusion of everyone at all times in the social security system.

There are also weaknesses:

- Clear risk that it would be either inadequate or unaffordable. This is recognised by all its advocates; for example the Citizen’s Income Trust has “ruled out the possibility of a full citizen’s income for everyone as being far too expensive”83. Thus all existing proposals envisage a partial income well below the poverty line and current minimum wage. On this basis they argue that the costs can be covered by withdrawing almost all other benefits and tax relief.
- A range of other, selective benefits will be required to bring income levels even up to the current minimum standards (in addition to housing benefit and additional disability benefits). This undermines the alleged simplicity of the basic income, reintroducing many of the eligibility criteria and entitlement terms that the proposal
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seeks to do away with. It will only change the income base on which selective benefits will sit.

- A ‘silver bullet’: the idea of a basic income is often presented as a wholesale solution to a range of social problems. As such, it can detract attention from the complex underlying causes of inequalities, ill-health and social conflict, for example. These require ‘upstream’ systemic changes, rather than a single intervention.

- ‘One size fits all’: similarly, it is advocated as a universal approach suitable for the poorest and richest nations and independent of all social and cultural contexts; the experience of successful policy-making suggests the opposite.

- Neglectful: the basic income itself does not address unequal access to the labour market and non-financial barriers to social participation. Making entirely unconditional payments could mean that people do not access the support available at the Jobcentre and miss out on opportunities to participate, leaving gender divisions between paid and unpaid work unchallenged.

- Individualised, not collective: focusing resources on providing everyone with an income rather than on pooled risk-sharing mechanisms is likely to reduce people’s capacity to act together. The approach atomises individuals, encouraging people to provide for themselves with their income rather than promoting social solidarity, collectively funded services and shared solutions.

- Endangering public services: resources devoted to a basic income may – depending on the government of the day – be diverted from other public goods such as education and healthcare. An over-emphasis on financial resources and their distribution could lead to reduced commitment to non-financial resources – and even to the re-commodification of aspects of the welfare state, with charges being introduced to public services which are currently free at point of need.

Introducing a basic income could catalyse political and cultural changes. However, there are important caveats. Would the basic income be viewed as a replacement for other kinds of provision, for example public services, even if this were not the intention? Would people feel that they were being ‘paid off’ and ignored within society? Would it reinforce the assumption that money is more important than unpaid labour or various forms of non-monetised collective activity? Would it make it more difficult in future to challenge norms about consumption?

A lot could depend on how a basic income is designed and implemented, and on how far it is synchronised with other reforms, such as better support for disabled people and carers, affordable rents and a more inclusive labour market. We welcome further debate about the strengths and weaknesses of ideas about a basic income, and meanwhile propose a more holistic and staged approach to change.
A staged approach rather than a wholesale restructuring

We recommend a staged approach to change for several reasons. People rely on social security day to day to meet their basic needs and teething problems with wholesale restructuring may therefore put people into hardship. This is not an acceptable by-product of reform. Additionally, public perceptions of benefits and cultures of collective action usually evolve slowly. It takes time to involve people, to settle on decisions democratically and to consider people’s needs for social security in the round. The agenda of changes we have proposed will also be more effective if they sit alongside other gradual changes, such as in the distribution of time and wages.

Reflecting on public distrust surrounding benefits and benefit recipients, Ben Baumberg proposes “sequenced change” as the most effective path to a more generous social security system. He builds on the work of political scientists Bonoli and Panier who argue that change “takes place in stages, and each stage facilitates the adoption of the next one.”84 Staged change can create pathways which build momentum and are harder for political adversaries to destabilise than wholesale reforms. The important point is to consider the core cultures, institutions and ideas that need to be shifted in order to facilitate change in the direction we have set out above.

Each stage in the sequence needs to support three broader shifts: changing attitudes to people receiving social security (particularly recognising their contributions, financial and non-financial), galvanising improvements to the labour market (particularly on wages, employee representation and control over working time), and building appetite and capacity for inclusive democratic decision-making (to make shared decisions about shared resources).

What this might entail

A staged approach would initially involve layering in new mechanisms and ideas without trying to get rid of the old. For example, new ways to include and value unpaid labour through benefits and Jobcentres could be brought in as a way of encouraging men and women to balance care and work. This could engage the public in a conversation about the role of benefits in supporting informal care; a topic that is usually sidelined in favour of the over-simplified dichotomies, in-work and out-of-work.

The next step would be to start changing Jobcentres from within, by introducing co-production into the training of frontline staff and creating mutual support groups for clients. Staff could begin by acknowledging and valuing the skills and abilities of people using Jobcentres. This can be done tangibly with time credits, which gradually encourage and support people to participate as Figure 1 shows.
Jobcentre staff would be able to draw more on the assets of clients, to ask for their ideas and to feed these into regional and national discussions. Peer research has been conducted by Jobcentre attendees who made recommendations about how they could become more inclusive, supportive institutions. Evaluating practices through peer research could become normal for Jobcentres, once people’s confidence and capacity have been built through co-production.

The third stage would be to make the link from discussions about Jobcentres and their practices to the labour market and the need for reform. There should be local conversations to challenge political leaders about ‘reciprocal conditionality’, pointing out their role in shaping the labour market, and the need not only for a Jobs Guarantee but for a Good Jobs Guarantee, incorporating provision for shorter working hours.
Conclusions

In this paper we have described a new set of goals for a different kind of social security system, as part of a new social settlement. Providing access to the labour market is an important goal but it was not originally intended to be the sole focus of social security, and nor should it be today. There is more to life than work, and this should be the case for everyone – not just the privileged few. Benefits should provide security against risks and in transitions, giving people equal opportunities to play a meaningful role, contribute to the lives of others, and receive mutual support. They should prevent poverty and, in the case of the most ‘upstream’ benefits, help to tackle root causes of disadvantage. Based on a rounded approach which takes into account people’s whole lives, social security should play a role in valuing and supporting unpaid work as well as paid work. It thus becomes a form of collective action against the insecurities we collectively face, premised on the pooling and sharing of financial and non-financial resources.

We have proposed a staged approach to achieving changes in social security. We have made radical suggestions: to invest in benefits which prevent harm; to transform Jobcentres through co-production and timebanking; and to involve people in democratic dialogue and decision-making about benefits. We also propose ways to embark on change strategically and gradually. We expect these changes to require political leaders who are willing to engage in public dialogue about issues beneath the surface of social security; to talk about the unpaid labour contributed by people receiving benefits, the complexity and diversity of people’s lives and needs, and our interdependence on each other, as well as to galvanise support for much-needed labour market reforms. Instead of disempowering and dividing people, leaders can and should develop and support a collective system that provides security for us all. Politicians must make more and better use of democratic deliberation, involving people with first-hand experience of social security and giving citizens a constructive role in the decision-making process.
Endnotes

1 51.9% of families when Child Benefit is included in the calculation; 47.8% when only means-tested benefits are included. Roantree, B. & Shaw, J. (2014) The Case for Taking a Life-Cycle Perspective: Inequality, redistribution, and tax and benefit reforms. IFS, p.10. Available at www.ifs.org.uk/comms/r92.pdf.

2 The older English term ‘welfare’ can be traced back to the fourteenth century, when it meant to journey well and could indicate both happiness and prosperity. See Gough, I. (2014) Climate change and sustainable welfare: the centrality of human needs. London: NFE, and Williams, R (1983) Keywords: A Vocabulary of Culture and Society. Oxford University Press.

3 This phrase comes from a talk by Fran Bennett, Senior Research Fellow at the University of Oxford, to the Child Poverty Action Group (CPAG) ‘Secure Futures’ Seminar 1.


8 For more on the new social settlement project, see www.neweconomics.org/projects/entry/towards-a-new-social-settlement


19 In a report published in January 2014, the European Council’s Committee of Social Rights said, “Even if the minimum levels of short-term and long-term incapacity benefits, state pension and jobseeker’s allowance satisfy the requirements of the European code of social security, they are manifestly inadequate…as they fall below 40% of the Eurostat median equivalised income”. Available at: www.coe.int/t/dghl/monitoring/socialcharter/conclusions/State/UKXX2_en.pdf.

20 United Nations Special Rapporteur on housing criticised the reduced adequacy of welfare payments for covering housing costs when she visited the UK in September 2013, stating that recent welfare reforms “appear to compromise the realisation of the right to adequate housing and other related human rights.” See: www.una.org.uk/news/13/09/un-special-rapporteur-adequate-housing-concludes-uk-visitLO.

21 ILO Deputy Director-General, Sandra Polaski, said, “The latest trends show that a number of high-income countries are contracting financing and benefits of their social security systems, with potential impacts on poverty and inequality. In the European Union, cuts in social protection have already contributed to increases in poverty which now affects 123 million people or 24% of the population.” See: www.unmultimedia.org/h/ unifyfeed/2014/06/ilosocial-protection-report/

22 BBC (29 September 2014) ‘George Osborne proposes two year benefits freeze’.

23 BBC (28 September 2014) ‘Tories would tighten benefit cap to fund apprenticeships’.


25 Ibid.


27 Spartacus Network (2014) Beyond the barriers: A report into Employment Support Allowance, the Work Programme and recommendations for a new system of support.


38 Skills Network (2014). For the full report and a series of short podcasts about mothers’ experiences of Jobcentre Plus, see: www.theskillsnetwork.org/we-count


46 In-work benefits make up 26% of social security spending, and are the second largest component after pensions which make up 54%. The phrase ‘heavy-lifting’ is one used by the Child Poverty Action Group (CPAG) in their advocacy work on social security.


50 Stuart White (9 October 2012) ‘What do we owe to each other? Welfare, conditionality and The Left’. New Left Project. Available at:
www.newleftproject.org/index.php/site/article_comments/what_do_we_owe_to_each_other_welfare_conditionality_and_the_left.


55 Ibid.


59 Ibid.


62 Spice is a social enterprise that develops agency timebanking systems for communities and public services. www.justaddspice.org/.

63 Ibid.

64 This has similarities with the idea of the Community Allowance, which allows people receiving benefits to volunteer for local charities without facing benefit sanctions. See Steed, S. (2009) Benefits that work. London: NEF. Available at: www.neweconomics.org/publications/entry/benefits-that-work.


66 Estimate based on Department for Work and Pensions (DWP) benefit expenditure and caseload tables 2014 for JSA and ESA Work Related Activity Group and freedom of information request covering JSA caseloads May to October 2012. Does not include people who attend Jobcentres on a voluntary basis (such as those on Income Support).

67 Spartacus Network (2014) Beyond the barriers: A report into Employment Support Allowance, the Work Programme and recommendations for a new system of support.


73 Ibid.


79 Ibid.


82 Ibid.

