Scottish Government
Riaghaltas na h-Alba

Social security in an independent Scotland

BUILDING A NEW SCOTLAND

09

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The cover image shows a view of Aberdeen Beach and Queens Links

Summary

This is a summary of the Scottish Government's proposals for social security in an independent Scotland. The full paper:

- explains why the UK approach to social security needs urgent reform and identifies the early changes this Scottish Government would prioritise with independence
- sets out the Scottish Government's vision for how social security could be fairer, more dignified and more respectful over the long term, and how a new approach could help deliver a stronger economy with independence

Note that proposals on pensions will be made available in a later paper in the 'Building a New Scotland' series.

The report that follows provides more details on these proposals, an analysis of the evidence that informs them, as well as references to sources.

Social security in the UK

A strong social security system is fundamental to a fair and equal society. It should protect us all through life's ups and downs, when we're starting a family, looking for work or beginning our retirement. It should support us when we are caring for family members or friends, if we are unable to work or if we have extra costs because we're ill or disabled. It should reduce the harm caused by poverty and provide an income that allows people to live well and thrive, not just survive.

A strong social security system is key to a fairer and more equal country, but also for a more dynamic and productive economy. Ultimately, social security is an investment in a just and prosperous society.

However, over many years now, the UK approach to social security has provided inadequate levels of financial support. Benefit freezes, caps and limits, work conditionality and sanctions have all eroded the value of social security and the effectiveness of the safety net.

The first publication in the 'Building a New Scotland' series showed that the UK had higher poverty rates and lower out of work benefits than independent European countries that are comparable to Scotland. This, and the policies outlined above, suggest that the Westminster social security system offers inadequate financial protection for those who need either short-term or longer-term support.

Indeed, in November of this year, the UN's Special Rapporteur on extreme poverty accused the UK Government of breaking international law with 'grossly insufficient' benefit levels saying:

> 'If you look at the price of housing, electricity, the very high levels of inflation for food items over the past couple of years, I believe that the £85 a week for adults is too low to protect people from poverty, and that is in violation of article nine of the international covenant on economic, social [and cultural] rights'.

The human cost of UK Government social security policy decisions – the impact on the physical and mental wellbeing of people living in poverty – is not acceptable. This is why the Scottish Government is investing £127 million this year to mitigate the worst impacts of UK Government social security policies. This should not be necessary in a country as wealthy as the UK.

An inadequate social security system can trap people in poverty, bringing additional costs to society and to government. By contrast, a strong social security system, integrated within a wellbeing economy, has the potential to dismantle structural inequalities and reduce the harms caused by poverty. It can create conditions in which everyone can thrive, while recognising that paid work is not right for everyone nor is it the only way to contribute to and be part of a cohesive, diverse and fair society.

Social security in Scotland

Devolution has already shown how governments making different choices can deliver a fairer system and more positive outcomes.

The Scotland Act 2016 devolved limited social security powers to the Scottish Parliament. This has led to a distinct Scottish social security system, with its own approach.

Fourteen Scottish social security benefits are now in place, seven of which are new and only available in Scotland. When all benefits have been introduced and people's awards have safely and securely transferred from the Department for Work and Pensions (DWP), it is expected that Social Security Scotland – our new social security agency – will be supporting around two million adults and children, with around £5.3 billion in benefit spending this financial year. This shows how Scotland can efficiently deliver real change.

This Scottish Government has already been ambitious with its approach to benefits.

For example, five new payments are now available for low-income families that can be worth around £10,000 by the time a child reaches six and over £20,000 by the time a child reaches sixteen. Professor Danny Dorling of the University of Oxford stated that the Scottish Child Payment is responsible for 'the biggest fall in child poverty, anywhere in Europe, for at least 40 years'.

Just as importantly, the Scottish system has been built around a set of principles that puts dignity, fairness and respect at its heart. This is, in part, because the Scottish system is being developed with the people who understand social security best – those who have applied for benefits themselves and the organisations that support them.

However, despite the positive progress that has been made with devolution, the UK Government still holds the majority of social security powers including low-income, working-age, and pension-age benefits. With full powers, Scotland would be able to do so much more.

Social security with independence

The Scottish Government is committed to protecting social security. Improving the adequacy and fairness of social security would be a key priority if the country becomes independent.

With independence, negotiations would begin for the transfer of all reserved social security responsibilities. This would ensure that people continue to receive the payments they are entitled to, on time and in full.

This government proposes to make comprehensive changes to key aspects of the social security system that are currently reserved. While a full social security system would take time to put in place, the early years of independence offer an opportunity to make immediate improvements. This government would prioritise ten key actions to **reform Universal Credit, and improve carer and disability benefits with an aim to increase the financial value of benefits**. These would include:

1. **removing the two-child limit, and scrapping its 'rape clause', to increase family incomes and lift some families out of poverty.** The evidence shows that the two-child limit has had very little impact on family size but has increased the number of children in larger families who are living in poverty.
2. **removing the benefit cap** that limits the amount of benefits that a household can receive each year – again, this primarily affects families with children. We are already investing in mitigating the benefit cap, but independence would give Scotland the full powers to lift the benefit cap.
3. **scrapping the bedroom tax** that reduces benefits for those considered to have 'too many bedrooms' in their home. The Scottish Government has used its own resources to make sure, as far as possible, that no household in Scotland is affected by the bedroom tax. Independence would allow the bedroom tax to be removed from social security legislation.
4. **replacing Universal Credit 'budgeting loans' with grants** to help individuals and families in the first weeks of claiming the new benefit. This would ease the five-week wait and mean that Universal Credit was paid at its full rate, without the deductions and the debt that people face just now.
5. **ending the current benefit sanctions regime** to make sure that people are supported into sustainable employment and better long-term outcomes, creating a fairer, more dignified and respectful approach to social security.
6. **ending the young parent penalty in Universal Credit** would ensure that parents under 25 receive the same amount of financial support for their family as those over 25. Rent and food cost the same no matter your age.
7. **doing more to make sure people apply for their full entitlements**. The Scottish Government is already committed to promoting take-up of Scottish benefits and supporting households to maximise their incomes. Independence would allow more to be done, including changing the role of work coaches to make sure people get the advice they need to access their full entitlements.
8. **strengthening and investing in more support with the costs of moving into work**, including the likes of up-front childcare costs, travel and clothing. We would also transform the delivery of existing support, including through Job Centre Plus work coaches and Access to Work, to ensure that services are responsive and meet the needs of those who rely on them.
9. **going further, faster to improve support for unpaid carers**, with a more holistic approach via a tax and social security system that works better for all carers.
10. **stopping the roll-out of and rolling back changes to the delivery of existing health and reserved disability benefits** introduced as a result of the UK Government's Health and Disability White Paper.

Early steps like these could start to reduce some of the pressures that the poorest households are facing now and make it easier for some people to move into or stay in paid work and improve the support available to unpaid carers and disabled people. More details of these changes are available in the main paper.

The estimated additional spending that would be required to deliver the reforms of Universal Credit, above, is over £250 million in 2023-24. This is not insignificant in itself but needs to be seen in the context of the £24.7 billion being spent on social security in Scotland by UK and Scottish governments in 2023-24. In addition, reductions in poverty and destitution could be expected to reduce other costs to the state over the long term, for example those caused by health inequalities; this links to the Scottish Government's underlying approach to the wellbeing economy and a joined-up approach to government, focusing on outcomes to make people healthier, happier and wealthier.

In the longer term, **independence would offer the opportunity to move to a new social security system**. This new system would have the principles set out in the Social Security (Scotland) Act 2018 at its core. It would be a system in which access to social security is a human right, a system committed to respecting the dignity of individuals and reducing poverty levels in Scotland. A system which provides an integrated system of support for disabled people and carers, without the limitations of delivering within a reserved tax and social security system.

Such a system could **introduce a Minimum Income Guarantee**. This is a guarantee of financial security throughout life's ups and downs – a right to a decent income, set at a level to ensure a dignified quality of life, with people having enough money not just to get by and pay for the essentials, but to thrive. The Scottish Government has already begun work on this, with the support of an Expert Group, looking at how a Minimum Income Guarantee could be delivered. The Expert Group is expected to publish a final report in 2024 with recommendations for early actions and longer-term ambitions, including how the level of a Minimum Income Guarantee should be set – based on need and cost of living – and the legislative and delivery requirements.

Over time, there would also be potential for future governments to build on this further should they wish, towards a Universal Basic Income. A Universal Basic Income would provide a basic level of income to all, without condition and regardless of other income and resources. It has the potential to deliver financial security for all and reduce inequalities.

These are choices for future governments of an independent Scotland. Whichever route is chosen, the people of Scotland should continue to shape the system, building on the fundamental values enshrined in the constitution of an independent Scotland.

Conclusions

The Scottish Government believes that, in an independent Scotland, a new social security system could deliver much better outcomes for all of us. It could help tackle poverty and inequality whilst always treating all of us, whatever our circumstances, with dignity, fairness and respect. Independence would offer a new opportunity to set a path to a fairer, happier and more prosperous Scotland.

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Foreword by the Cabinet Secretary for Social Justice

Social security is among the most important responsibilities of any government. All of us benefit from it, directly or indirectly, at some point in our lives and it is vital for the wellbeing of any society. This was never more apparent than during the Covid-19 pandemic.

But for too long, the Westminster Government's approach to social security in the UK has been to provide inadequate levels of financial support. Social security has been stigmatised and the value of benefits has been cut back to the point where allowances are not sufficient to meet basic essentials such as food and utility costs.

What's more, because of its poor handling of the economy over recent years, the UK is now facing a return to austerity and increased levels of poverty in the middle of a cost of living crisis.

These increasing risks of poverty are not a short-term problem for the UK. For many years, UK poverty levels have been higher than in independent, European countries comparable to Scotland, as well as in larger countries like France and Germany. While there are a number of factors why so many families with children and older people are at risk of poverty, what is undeniable is that the UK social security system does not currently protect people as it should.

With independence, Scotland can do better. The Scottish Government has already demonstrated this with an approach to social security that treats people with dignity, fairness and respect. And we have introduced seven new entitlements, including the Scottish Child Payment, that tackle poverty and reduce inequality. We have made much needed improvements to carer and disability benefits – but we are constrained by the need to deliver these changes within the confines of the wider reserved social security and tax system.

We believe that a high-quality social security system is a human right that should be a safety net for all of us, whenever we need it, throughout our lives.

With independence, the Scottish Government could deliver a new approach across the whole social security system. No more 'benefit cap' or 'two-child limit' pushing families into poverty. No more 'bedroom tax' restricting the choices people make about their housing. The ability to make changes to create an integrated system of support that works for everyone, lifting people out of poverty, supporting those who can access paid work and supporting the labour market and underpinning a flourishing economy. A system that can deliver a Minimum Income Guarantee for every household in Scotland.

A strong social security system is a fundamental part of a fair and equal society and a strong economy. Of course, the key challenge for any society is balancing ambition with resource – and some choices might not always be easy. But what is already clear is that, with independence, Scotland could deliver a social security system that moves far beyond the inadequacies of the current approach.

A starting point is recognising that social security is a human right. It is an investment in people and society, an investment that, as is shown in other countries, delivers better outcomes and helps to support a stronger and more prosperous economy. Over time, Scotland could match the performance of other independent, European countries that have low levels of poverty and inequality and high levels of economic success.

We can become a stronger, fairer and more prosperous country – this government believes that independence is the best route to getting there.

Shirley-Anne Somerville MSP
Cabinet Secretary for Social Justice

What our proposals mean for Scotland

Independence would provide the opportunity to develop a new approach to social security, creating a fairer more equal Scotland, by reducing poverty and financial insecurity, while providing a safety net for every one of us. The proposals in this publication would allow **Scotland** to benefit from a social security system that:

- can support and protect everyone who needs financial help and support at any point in their lives
- works alongside wider labour market, health and social policies to create a stronger and more dynamic economy
- supports people into paid work, introducing early reforms to Universal Credit and addressing the current unfairness of the system
- provides an integrated system of social security support for carers and disabled people
- can introduce a new system grounded in adequacy, such as a Minimum Income Guarantee, to ensure that everyone has a decent level of income and can live with dignity

What our proposals mean for you

We would use the full powers of independence to build a social security system that works for everyone in Scotland. The proposals in this publication are designed so that **you**:

- continue to receive any social security benefits you currently receive on time and in full
- are treated with dignity, fairness and respect every time you use Scotland's new social security system – this would apply across all benefits, including those that are currently reserved to Westminster
- have a genuine safety net of support if you lose your job, take on caring responsibilities, fall ill or become disabled, or experience other circumstances that impact on your ability to undertake paid work and pay into a pension
- benefit from a progressive approach to making policy in an independent Scotland, one that sees social security as a human right, making poverty a less likely outcome for all

Introduction

With independence, Scotland would have the opportunity to design a social security system as an integral part of a fairer more equal society. A new approach would be designed in line with the current social security principles – a human rights-based system, delivered with dignity, fairness and respect.

Social security is a shared investment in everyone in society, offering essential support at different stages of life. It supports us when we are on low incomes or seeking paid employment, when we are unable to take up paid work because of caring responsibilities or when we have additional costs due to sickness or disability. It is a safety net that any one of us might need to call upon at some point to help cope with a range of normal life events.

Independence would offer the opportunity to deliver an integrated social security system which aligns with wider aspirations to tackle health, social and economic inequalities – to be a fairer, more equal Scotland.

Social security – myths and misconceptions

It is essential that any debate over the future of social security is properly informed by an understanding of what such systems achieve and who benefits from them.

Unfortunately, the debate has been confused over many years by deeply embedded myths and misconceptions about how social security operates in the UK and in whose interests. These include:

- **significant misconceptions about where money is spent.** Recent research found that 'the British public have low levels of understanding of the benefits system, primarily in ways that seem likely to undermine public support. People wildly overestimate unemployment benefits compared to pensions, the value of unemployment benefits and misperceive trends in claims.'[1]
- **the mistaken belief that benefit fraud is widespread.** When people are asked what proportion of the total of benefits and tax credits was claimed fraudulently, the average tends to be in the range of 24-27%.[2] However, DWP estimate that the rate of fraud overpayments in financial year ending 2023 was in fact 2.7%. The rate of underpayments was 1.4%.[3]
- **a widespread assumption that social security spending goes on an unchanging group when, in fact, there is significant churn.** People spend less time unemployed, or in poverty, than commonly believed. More importantly, there is an under-appreciation that 'many more people benefit from the operation of the welfare state [including pensions and the NHS, for example] than are affected by narrowly selected parts of it at any one time – indeed, nearly all of us do.'[4]
- **The perception that people in poverty, and receiving benefits, must be out of work.** In fact, more than half (57%) of working-age adults in relative poverty after housing costs in 2019-22, were living in a household where someone was in paid work.[5] Low pay is a major driver of social security costs.

Widespread myths and misconceptions are likely to lead to society making poor choices. If people hold these misconceptions about social security, they are unlikely to support increases in benefits. Similarly, if people believe that those who are unemployed are choosing to spend long periods out of work and that fraud is much more prevalent than it really is, they are likely to condone an increasingly punitive sanctions regime.

In fact, we all have a large stake in a high-quality social security system, particularly thinking about it in its broadest sense. To understand in whose interests it operates and who benefits from it, it is important to think about how our lives change over time. There are specific social security entitlements for people who are sick and disabled; for people who are caring for sick or disabled friends and family; children and families and those in work and on low incomes.

For those who are able to work, there are movements in and out of paid work, and incomes vary for many from week to week, month to month and over the life cycle, that sometimes require top-up support. This was particularly noticeable during the pandemic.

Any of us could need to give up paid employment – to look after a disabled child for example – or if we become ill and have to stop work. Disabled people, unpaid carers and those with long-term health conditions are likely to have increased costs for specialist equipment, accessible travel or simply the costs of running equipment at home. When we reach State Pension age, the state provides a regular income for all those eligible, with the State Pension being the largest single item of social security spending in the UK.[6] And there are a range of benefits aimed at supporting older people in their later years. Note that pension-age benefits, which are part of the social security system, will be covered in more detail in a separate paper later in the 'Building a New Scotland' series.

Despite the persistence of some social security myths, there are some positive signs of change. Recent evidence shows that 'anti-welfare' attitudes have been in substantial decline since 2010.[7] The most recent Scottish Social Attitudes report showed that the majority of people in Scotland think that spending on social benefits should be increased and that most people agree that income should be redistributed from the better-off to those who are less well off.[8] This is likely due to a number of factors including perceptions of higher UK poverty levels and less generous social security benefits. And since 2016, the Scottish Government has been shaping its own social security system, demonstrating that a different, human rights-based approach – delivered with dignity, fairness and respect – is possible and can bring positive outcomes.

This is the backdrop to the proposals for social security in an independent Scotland that will be laid out across the following sections.

The structure of this paper

This paper's analysis and proposals are set out in four main parts.

The **social security in the UK** section looks at the current system. It begins with an overview of the UK's current social security system. It summarises changes the UK Government has made in recent years, a period marked by austerity and welfare cuts and compounded by the impact of the Covid-19 pandemic and the ongoing cost of living crisis. It considers the impact of these changes on poverty and inequality as well as the impact on the wider economy.

The section on **Scotland's social security system – a new approach** sets out the progress that has already been made in establishing a new social security system in Scotland with the powers devolved to the Scottish Parliament – a system based on dignity, fairness and respect.

The section on **social security in an independent Scotland** describes how, with the full powers of independence, Scotland could build on those achievements in the years ahead. It also discusses issues relating transition. It then sets out changes that could be made relatively quickly on independence to address some of the main concerns with the UK system.

The section on **considerations and choices for a future social security system** describes the interactions between social security, a fair and more equal society, the economy and the labour market. It then sets out a range of high-level models of social security that an independent Scotland could adopt.

It also sets out a longer-term direction, a vision for how a comprehensive Scottish social security system, with a focus on wellbeing and adequacy would support a cohesive society and a vibrant dynamic economy and what this might ultimately look like, including a Minimum Income Guarantee.

The paper ends with a section setting out **conclusions**.

Social security in the UK

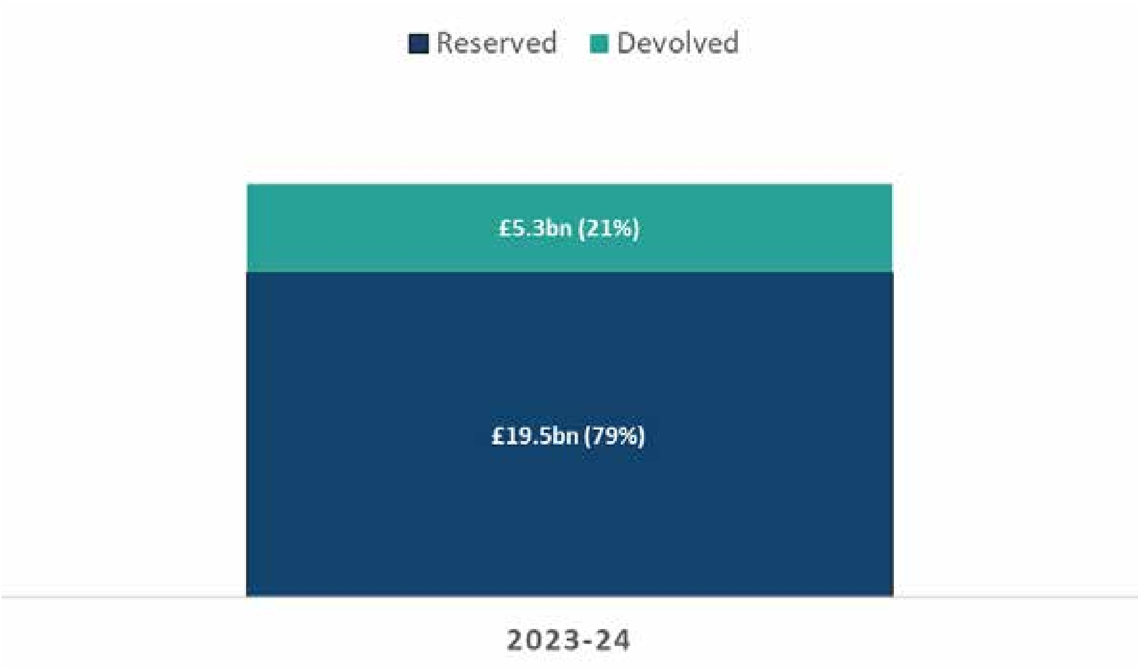
Social security spending in the UK and in Scotland

The UK Government is currently responsible for the provision of most working-age and pension-age social security benefits in Scotland, England and Wales.[9] These are known collectively as 'reserved benefits'.

Reserved benefits are for the most part delivered by the Department for Work and Pensions (DWP), with others delivered by His Majesty's Revenue and Customs (HMRC) and local authorities.

In 2023-24, it is estimated that around 79% of benefit spend (including pension-age benefits) in Scotland is reserved to Westminster.[10] Forecasts suggest spend of around £24.7 billion on social security benefits in Scotland in the same year – £19.5 billion of which is UK Government spend on reserved benefits. See Figure 1, below. Annex A has more details on reserved working-age benefits. Social security is paid for by revenue raised through general taxation.

Figure 1: Estimated devolved and reserved benefit expenditure in Scotland 2023-24[11]



Note: Reserved expenditure includes State Pension, Universal Credit, legacy benefits and benefits administered by HMRC. Devolved expenditure includes benefits devolved to Scotland including benefits currently delivered by DWP through agency agreements (e.g. Personal Independence Payment). It excludes some very small benefits which are not part of the SFC's remit such as Young Carer Grant and Job Start Payment. The estimate is based on taking Scotland benefit shares from outturn information for devolved benefits and applying them to the Spring Budget forecasts. Expenditure in Scotland uses the Scottish Fiscal Commission May forecasts.

Source: Scotland's Economic and Fiscal forecasts (SFC, 2023), Spring Budget forecasts (UK Government, 2023), Scotland Benefit Expenditure by Country and Region (UK Government, 2022)

Scotland Benefit Expenditure and Caseload (UK Government, 2022), Scotland Tax Credits Statistics (UK Government, 2021), Scotland Child Benefit Geographical Statistics (UK Government, 2022)

Although the UK Government is responsible for most social security spending, the Scotland Act 2016 devolved some social security powers to the Scottish Parliament, which enabled Scotland to set up its own system. Social Security Scotland now delivers devolved Scottish benefits under these powers. Although constrained in several ways, it has its own distinct approach, discussed further in the next section.

These benefits are partly paid for through additions to money the Scottish Government receives from the UK Government. The additions are called 'Block Grant Adjustments' and the amount of funding received through these adjustments is based on how much the UK Government spends on the equivalent reserved benefits.

Changes to UK Government policy and associated spend impacts on how much money the Scottish Government receives through these additions. For example, if the UK Government reduces spending on benefits delivered in England and Wales, the Scottish Government would receive less funding for devolved benefits.

If the Scottish Government wants to increase the value of, or change the eligibility criteria of, Scottish social security benefits, it must fund this with its own fixed budget. For example, no additional funding is allocated in Block Grant Adjustments for the seven new benefits that are only available in Scotland. In this financial year the total additional investment is over £750 million[12] above the level of funding forecast to be received from the UK Government through Block Grant Adjustments – money which will go directly to people who need it the most. Over £540 million of this will fund new payments which are only available in Scotland – such as our game-changing Scottish Child Payment.

The decision to prioritise these new benefits, and the additional spend on carers and disability benefits, affects the funding available to spend on other public services in Scotland. While this is a challenge that all governments face, it is made more difficult by the limited economic and fiscal powers the Scottish Government currently has to manage its budget both within and across years. Added to this is the uncertainty created by having to anticipate wider changes in the budget resulting from UK Government policy changes to both tax and social security, which impact on the total budget available to the Scottish Government.

These current arrangements mean there are real constraints on what action the Scottish Government can take on social security, especially to provide support in times of crisis like the pandemic and the cost of living crisis.

UK carer and disability benefits

Before the devolution of some aspects of social security through the Scotland Act 2016, carer and disability benefits in Scotland were the same as those in the rest of the UK.

Carer's Allowance developed in the UK from the introduction of the 'Invalid Care Allowance' in 1975. Until 1986, married women were not eligible for the benefit, and it was only from 2002 that carers aged over 65 could apply. It is fair to say that the benefit has remained largely unchanged in the last twenty years or so, being available to unpaid or informal carers who provide 35 hours or more of care a week for people receiving certain disability benefits and earning below a certain amount. In 2023-24 it provides £76.75 a week and the earnings threshold (that is how much a person can earn after allowable deductions and remain entitled to the benefit) is £139 per week. As such it is the lowest of all working-age benefits. And, while there have been significant social changes, unpaid care is still predominantly provided by women, with almost 70%[13] of Carer's Allowance recipients female.

There have been calls for improvements to Carer's Allowance through the years, most recently the All-Party Parliamentary Group on Poverty's inquiry on the adequacy of UK benefits called again for Carer's Allowance to be increased in line with equivalent out-of-work benefits – as we have already done in Scotland through our Carer's Allowance Supplement. In our own work with carers and the organisations that support them, we identified and set out plans to deliver further changes to better support carers to provide care for loved ones in a meaningful and sustainable way while still being able to work, attend education and have full lives away from caring.

The **disability benefits** landscape is more complex. The benefits devolved to Scotland were Attendance Allowance, Severe Disablement Allowance, Disability Living Allowance, Personal Independence Payment (PIP) and parts of the Industrial Injuries Disablement Scheme. Other disability premiums remain reserved to the UK Government. Arguably the largest and most complex of these benefits is PIP which was introduced in 2013 to replace Disability Living Allowance for adults of working age.

PIP has been widely criticised for a number of reasons including routine private sector assessments, a time-limited definition of terminal illness and high numbers of decisions that need to be appealed.[14,15]

In Scotland, PIP has been replaced by Adult Disability Payment, while the Child Disability Living Allowance has been replaced with Child Disability Payment: these are described in more detail later on in this paper. Many people receiving devolved disability benefits will continue to be eligible for reserved benefits or premiums. The UK Government have initially agreed that Child Disability Payment and Adult Disability Payment can be used as qualifying benefits to 'passport' disabled Scottish people to these premiums but have indicated that this may be reviewed if Child Disability Payment or Adult Disability Payment change in the future.

Disability and ill health benefits are not immune from the current UK Government's attempts to reduce and limit social security spend. The content of the Health and Disability White Paper – in particular, the planned end to Work Capability Assessments – will reduce the incomes of many who are in poor health and expose them to the risk of benefit sanctions.

The devolution settlement means that Scottish Government powers to deliver carer and disability benefits will always be compromised by the need to function effectively within a wider reserved social security and tax system. With independence the Scottish Government could do more to develop an integrated system of support for unpaid carers and disabled people, reducing the complexity of the system to make sure that everyone receives the full level of support they need and are entitled to.

Universal Credit and legacy benefits

With full powers over policy and spending, the Scottish Government would make different choices about the wider social security system. This is true in many aspects of policy, with the main reserved benefit for people of working age, Universal Credit, being a key example of the inadequacies and unfairness of the current system.

Universal Credit is not just an unemployment benefit. Many people who receive Universal Credit are in work but on low incomes. Eligible unpaid carers and disabled people on low incomes will also receive Universal Credit.

The UK Government introduced Universal Credit in 2013. It provides a single monthly payment for support previously provided by six working-age benefits, known as the 'legacy benefits'. These include Housing Benefit, Income Support and Job Seekers Allowance.

Ten years on, Universal Credit is not fully rolled out and many people continue to receive legacy benefits. Only in summer this year did DWP begin to roll out its 'Move to UC' initiative which aims to move all people currently receiving only Tax Credits onto Universal Credit. Tax Credits are now set to end in 2026.

The UK Government claimed that Universal Credit would 'introduce greater fairness to the welfare system by making work pay and make sure that people are better off in work than on benefits'.[16] It also claimed that Universal Credit would be simple to claim and 'responsive' to changes in circumstances, and would encourage household budget management by providing payments monthly in arrears.

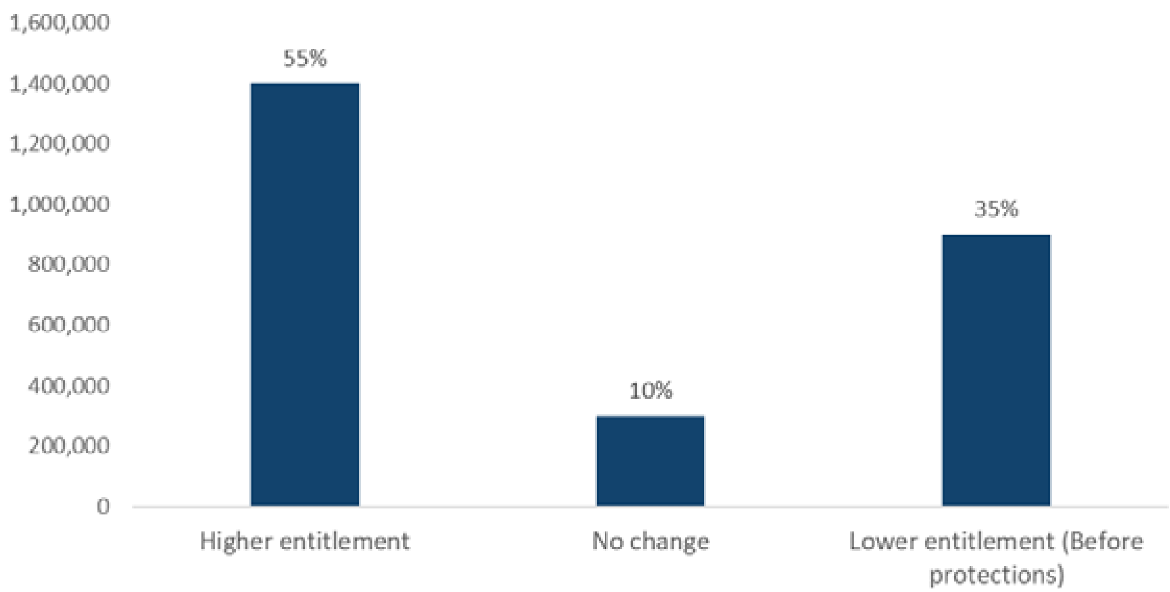
However, the evidence suggests a very different picture:

- it is estimated that around half of households receiving Universal Credit are already in work[17]
- the 'responsiveness' builds in insecurity, as benefit levels change month on month, making it difficult for households to budget[18]
- and the 'digital first' approach can act as a barrier to households to both apply for and maintain their application or 'claimant commitment'[19]

Furthermore, people moving from legacy benefits onto Universal Credit must make completely new applications or face having their benefits stopped. This is in sharp contrast to the Scottish Government's approach, where people moving from a UK benefit to its devolved Scottish equivalent do not need to make a new application.

Moreover, there is no guarantee that entitlement and income will be protected when moving from legacy benefits to Universal Credit. Although some households are better off under Universal Credit, others are worse off. DWP analysis shows that, of the 2.6 million households remaining on legacy benefits in April 2022, approximately 900,000 households (35%) would have a lower entitlement on Universal Credit (see Figure 2).[20]

Figure 2: The change in total benefit entitlement from legacy benefits to Universal Credit April 2022



Note: Estimates of household's UC entitlements by hierarchical legacy benefit type – legacy caseload in April 22 (including the impact of changes to the taper rate and work allowances from the 2021 Budget).

Source: DWP Completing the move to Universal Credit

Those applying for Universal Credit must do so on a ‘household’ basis. This has significant impacts on women, especially those with dependent children. A single monthly payment for couples risks women’s financial independence and autonomy. The Scottish Government is currently working with DWP to explore introducing ‘split payments’ to people applying for Universal Credit in Scotland to mitigate this issue. To do so will require changes to Universal Credit systems, which will only apply in Scotland. The Scottish Government will pay for these changes and the work will be built into DWP planned systems changes and updates, giving us very little control over the timeframes. While it is undoubtedly the right thing to do, it is made more expensive and complex due to interactions across both reserved and devolved systems.

Universal Credit also means that rent is no longer automatically paid to a landlord. Although people in Scotland have the choice to have their Universal Credit award paid directly to their landlord, there remains a risk that some households will fall into rent arrears.

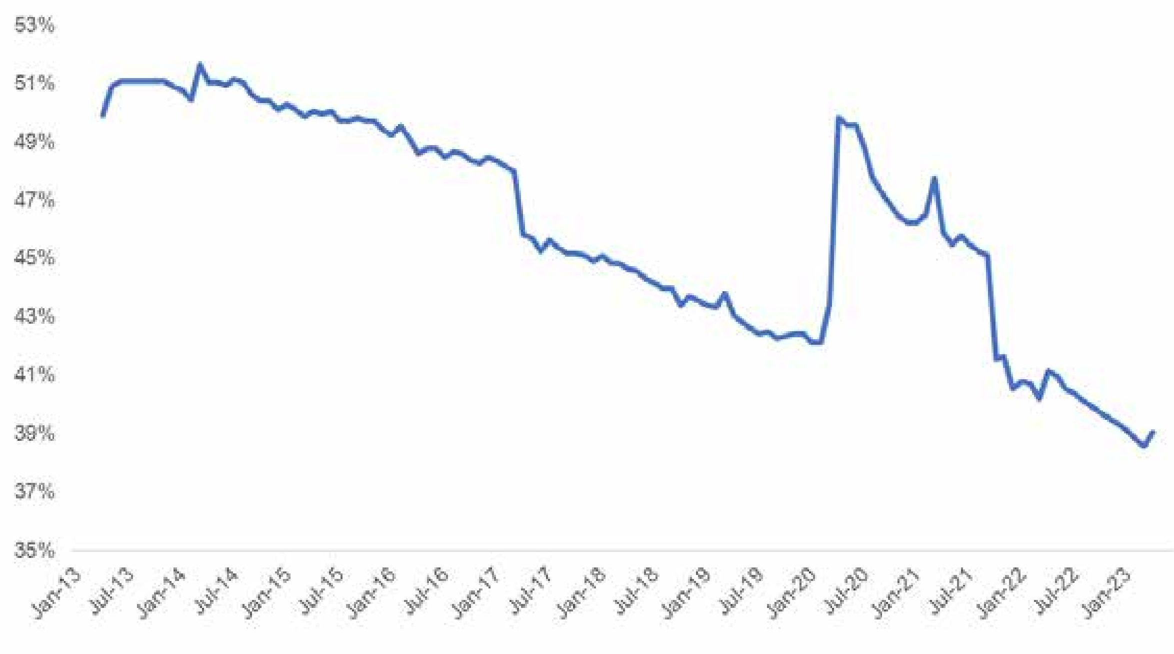
A five-week wait for a first payment of Universal Credit is pushing households into debt, with the only support available meantime being ‘budgeting loans’ which must be repaid through deductions from Universal Credit payments.[21] These repayments mean that future Universal Credit monthly payments are reduced. As the value of the monthly payment is already considered by many to be inadequate, this puts households under increased financial pressure.

Arguably the main difficulty with Universal Credit is that it simply does not provide enough money to households that receive it. The true value of the benefit compared to earnings and inflation has been declining over time. The All-Party Parliamentary Group on Poverty’s findings on the inadequacy of Universal Credit, drawing on evidence from the Robertson’s Trust and the Trussell Trust, found that the basic allowance does not provide enough to cover essentials like food and utilities.[22]

This is compounded by age discrimination baked into the policy which means that parents under 25 receive a lower level of benefits than parents over 25. Known as the ‘young parent penalty’, the Universal Credit standard allowance for a couple under 25 is £90 a month less than for an otherwise similar couple over 25. Yet the cost of living is the same – housing, bills, and food all cost the same.

Figure 3 shows Universal Credit entitlement for a single person aged 25 or over with one child, renting privately in Stirling, as a percentage of average earnings in Great Britain (GB). The household is assumed to use their full Local Housing Allowance and to have no earnings.

Figure 3: Universal Credit entitlement as a percentage of average earnings, example household (2013-22)



Note: Scottish Government calculation. Comparing the average weekly earnings (ONS) for Great Britian to the estimated UC entitlement for a single parent with a child and local housing allowance in Stirling from April 2013 to 2023. The figures presented here are weekly averages with UC entitlement as a percentage of the average weekly earnings.

Sources: Abstract of DWP benefit rate statistics – GOV.UK(www.gov.uk), EARN01: Average weekly earnings – Office for National Statistics (ons.gov.uk), Local Housing Allowance Rates: 2022-2023 – gov.scot (www.gov.scot), https://www.gov.uk/government/publications/benefit-and-pension-rates-2022-to-2023/proposed-benefit-and-pension-rates-2022-to-2023

This shows that the household's Universal Credit award has decreased from around 50% of average GB earnings in 2013 to around 40% in 2022. This decrease stems from UK policies including the benefit freeze between 2016 and 2020, the removal of the family element in 2017, multiple freezes to Local Housing Allowances, and the removal of the temporary £20-per-week uplift in October 2021.[23] Some family types, such as those subject to the two-child limit or the benefit cap, have experienced larger losses. These policies are explored further below.

As the flagship benefit of the current UK Government, the problems with Universal Credit are considerable but not insurmountable. In an independent Scotland, Universal Credit could be reformed in the short term to make it fairer, while a new system is being developed that goes beyond what that benefit was originally meant to achieve.

The impacts of welfare reform

Beyond Universal Credit, a range of policy measures has been introduced as part of the UK Government's welfare reform agenda. The following changes have made it very difficult for people to survive on benefits:[24, 25]

- **the benefit cap** – frozen between 2016 and 2022, despite inflation, this limits the amount of annual benefits that a household can receive to £14,800 for single adults if they live alone with no children, or £22,000 for couples or single households with children.[26] This compares to a median UK disposable income of £32,300 in 2022.[27]
- **the two-child limit**, under which a household will only receive the child element of Universal Credit or Child Tax Credits for their oldest two children, penalising larger families. The family element of Universal Credit and Child Tax Credits, which provided an additional payment for families with children, was withdrawn in 2017 at the same time as the two-child limit was imposed.
- **the bedroom tax,** which penalises households in the social rented sector who have so-called 'spare rooms'. The Scottish Government fully mitigates the bedroom tax by way of Discretionary Housing Payments.
- **the benefit freeze,** which, from 2016 to 2020, kept Universal Credit rates the same, as the cost of living increased. Although rates have increased with inflation since 2020, they will never catch up to the same level they were pre-2016 through statutory uprating alone.

Most of these changes were introduced by the UK Government to 'make work pay'[28] but many households impacted by these changes are already in paid work, and in many other cases, have at least one adult who is unable to work, for example, unpaid carers and people who are unable to work because of sickness or disability.

We know that people who have an extended period providing unpaid care are likely to have poorer financial outcomes than their non-caring peers.[29] For tens of thousands, their caring role reduces their capacity to take on paid employment. As well as the immediate impact on incomes, this has a long-term negative impact, as unpaid carers, predominantly women, have less opportunity to save for retirement.

In a system focused on keeping income replacement levels low to encourage people into work, financial challenges can be compounded when circumstances mean that paid work is not a viable option. This can mean that a household is entirely dependent on income from social security – for example if a person is providing care to a partner who is disabled or has a long-term illness and it affects their ability to take up paid work. We know that people with a long-term illness or disability are more likely to experience poverty[30] and that poverty has significant impacts on people's physical and mental wellbeing.[31]

Layered on top of the caps and limits, benefit sanctions can reduce benefits payments even further. Analysis by the University of Glasgow, published in March 2022, reviewed evidence showing that sanctions led to 'worsening job quality and stability in the longer term', and to people returning more quickly to claiming benefits or exiting the labour market entirely.[32] In addition, the imposition of sanctions was associated with 'an increase in material hardship, including food deprivation', and with poorer physical and mental health.

The Joseph Rowntree Foundation, in its series of destitution studies focusing on the UK social security system, found that 'benefit sanctions were a key driver of destitution' at a number of points over the last decade.[33] Despite this, the UK Government is pushing ahead with plans to introduce more work conditionality for more vulnerable groups, including families with young children and those with ill-health.

Finally, the inadequacy of UK social security has been evident through the pandemic and now in the cost of living crisis. While Universal Credit was topped up by £20 per week during the first phase of the pandemic – indicating that the previous level was inadequate – this was swiftly removed once restrictions began to be lifted. Similarly, the UK Government was forced to bring in emergency legislation so that additional payments could be made to mitigate the worst impact of the cost of living crisis. If benefits had kept pace with inflation, instead of being frozen and capped, this emergency action may have been unnecessary. UK benefits were broadly uprated by inflation (reflected by the annual September rate of CPI) in April 2023, which was welcome, but without additional increases they will not return to their true original value.[34]

Piecemeal, inflation-level increases will not address the fundamental inadequacies of the current income replacement benefits and the harms of welfare reform, as was set out clearly in the All-Party Parliamentary Group on Poverty's inquiry in June this year on the adequacy of social security.[35] That report draws on a wide range of evidence from across the third sector and academia. It provides stark evidence that current benefit levels are not sufficient to allow people to live sustainably or comfortably. That report goes on to make a series of recommendations including the introduction of an Essentials Guarantee – as advocated for by the Joseph Rowntree Foundation.[36] The very basic principle of an Essentials Guarantee is that at a minimum social security should protect people from going without essentials – such as food, utilities and vital household goods. The report seeks to tie the level of social security paid to need rather than arbitrary values.

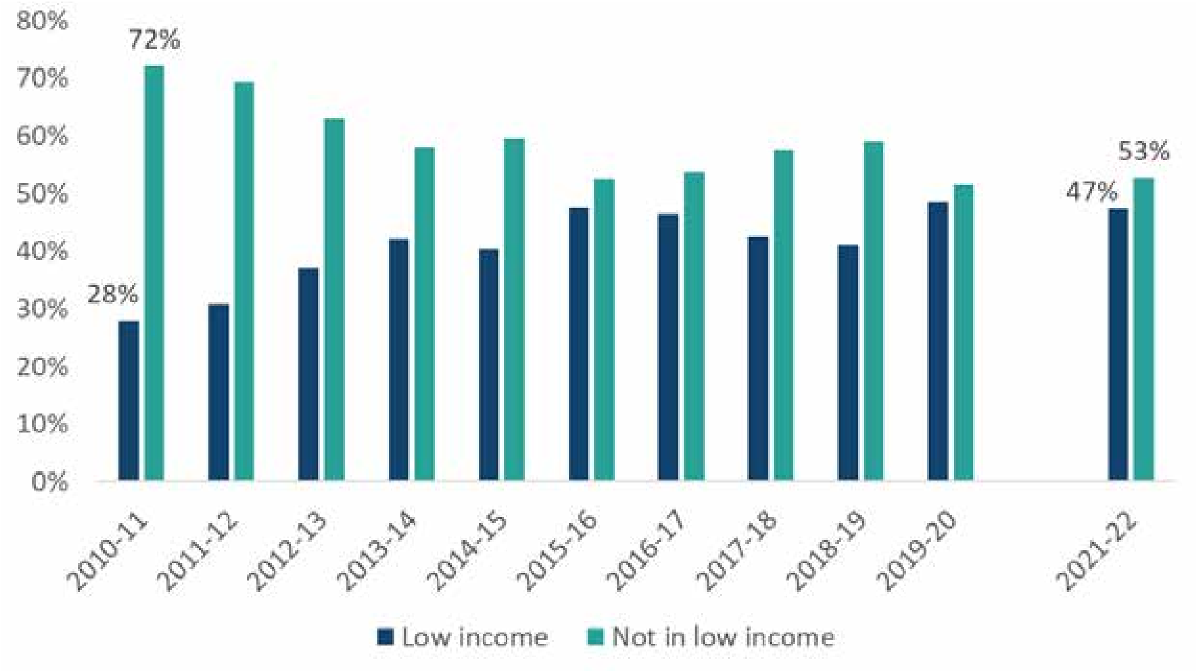
The Joseph Rowntree Foundation report recommends that the level is set at £120 per week for a single household and £200 per week for a couple; that these levels are reviewed regularly and set independently of government, and that the award cannot be reduced below this level due to deductions such as debt repayments, or artificial limits such as the benefit cap. The Scottish Government has echoed the calls from the Joseph Rowntree Foundation, the All-Party Parliamentary Group and many other third sector organisation – for the UK Government to urgently legislate to introduce an Essentials Guarantee.

Reversing the very worst welfare reform changes, the benefit cap, the benefit freeze, and limit the increasing use of benefits sanctions would go some way to moving the value of benefits towards the levels of an Essentials Guarantee and addressing the impacts these reforms have had on poverty levels across the UK.

Impacts on poverty levels

The effects of the UK Government's policies to reduce the benefit bill have been felt most heavily by the poorest households. The likelihood of being in poverty while being in receipt of these benefits has increased over time. Almost half of households in receipt of Universal Credit, and the legacy benefits it is replacing, were in poverty in 2021-22, compared with around 28% in 2010-11 (see Figure 4).[37]

Figure 4: The percentage of Universal Credit and legacy benefit recipient households that are on low income in Scotland



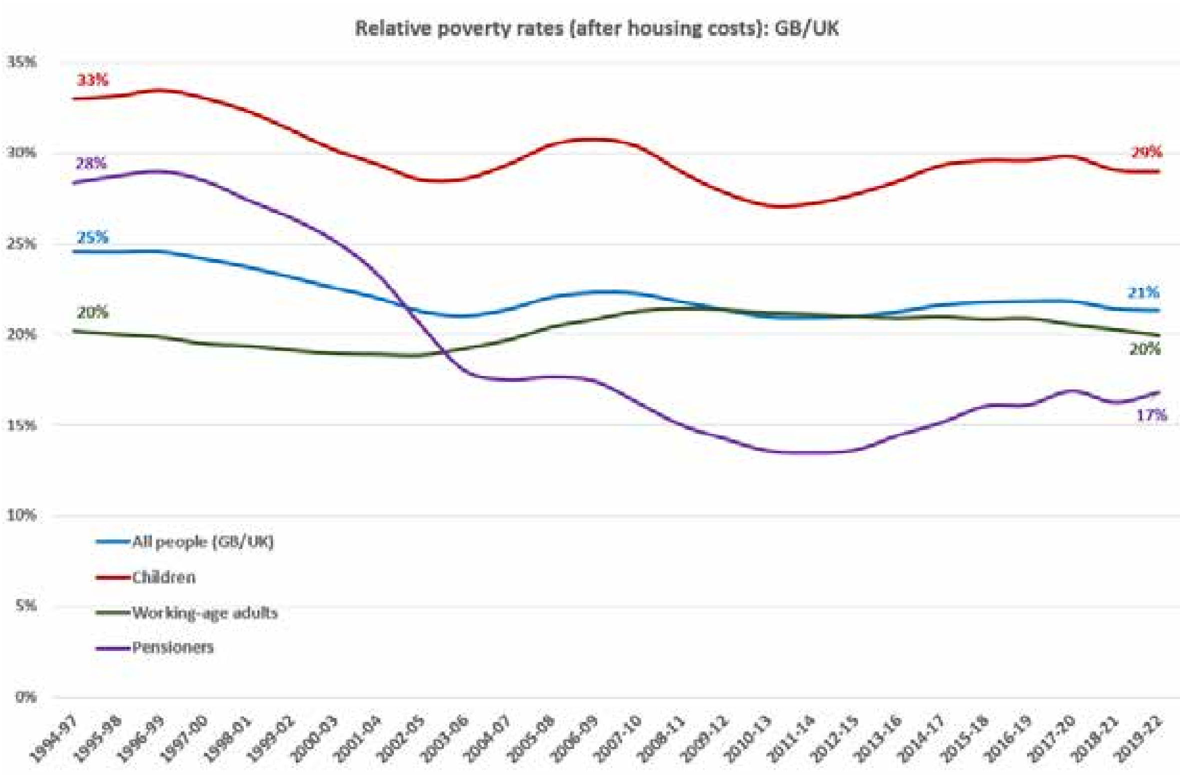
Note: The proportion of households in receipt of Universal Credit or a legacy benefit in Scotland that fall under the Households Below Average Income (HBAI) median income, after housing costs (AHC). 2020-21 data is not provided – it was not possible to obtain a representative sample due to the Covid pandemic disrupting the data collection in this year.

Source: Stat-Xplore tables: 60 per cent of median net household income (AHC) in latest prices and Universal Credit or Equivalent received by the Family by Financial Year in Scotland by Households.

The adequacy of social security benefits is not the only driver of poverty but, looking at the current levels of poverty in the UK, it is clear that the benefit system is failing those who need it most.

Poverty can be defined in a number of ways, but a key measure is relative poverty after housing costs (AHC).[38] In 2021-22, 14.4 million people were estimated to live in relative poverty (22%) across the UK. Of these, 8.1 million were working-age adults (20% poverty rate), 4.2 million were children (29% poverty rate), and 2.1 million were pensioners (18% poverty rate) – see Figure 5.[39,40]

Figure 5: Relative poverty rates, after housing costs, GB/UK



Note: Family Resources Survey (FRS) figures are for Great Britain up to 2001/02, and for the United Kingdom from 2002/03. The reference period for FRS figures is single financial years. The figures presented here are three-year averages.

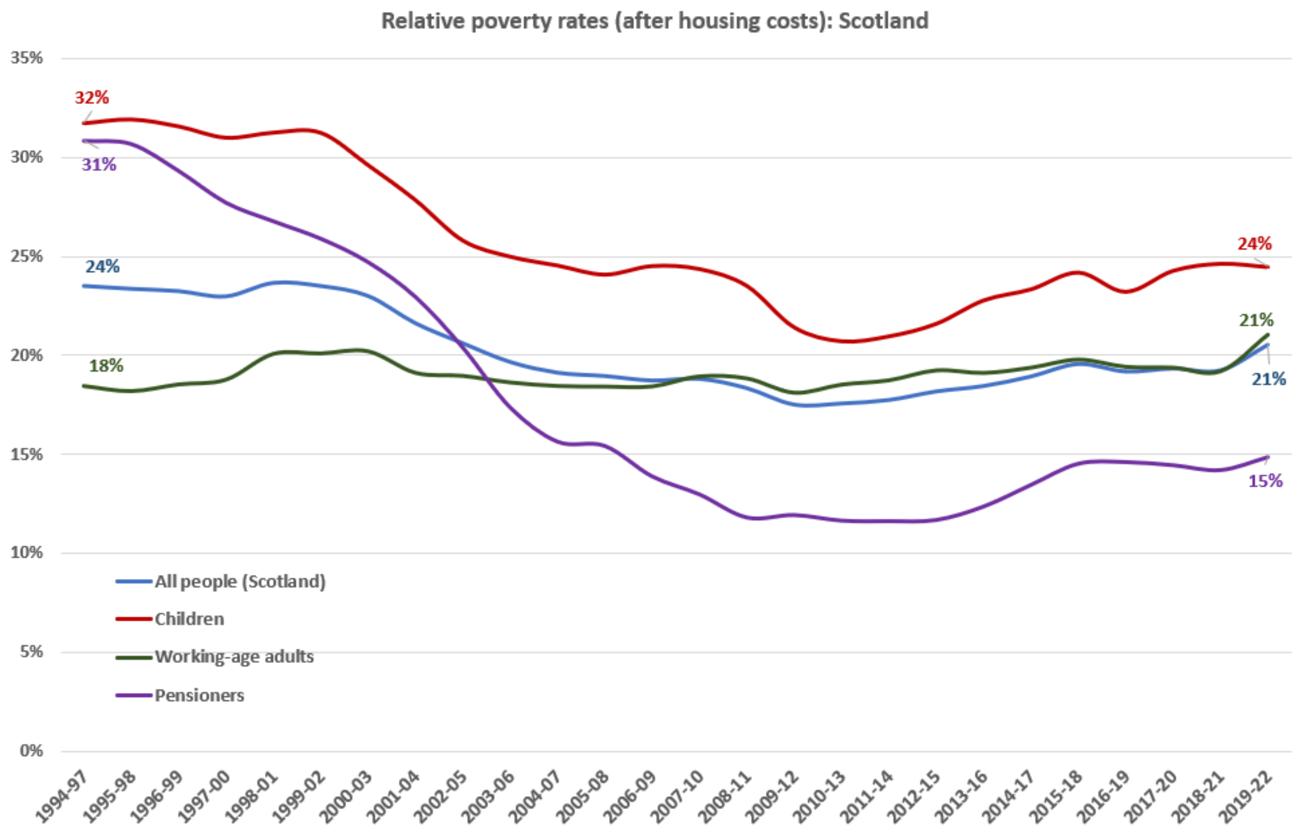
Source: Scottish Government analysis of the Family Resources Survey

Poverty and Income Inequality in Scotland 2019-22 (data.gov.scot)

Households below average income: for financial years ending 1995 to 2022 – GOV.UK (www.gov.uk)

In Scotland, 1.1 million (21%) of the overall population were estimated to be living in relative poverty AHC in 2019-22. Of these, 710,000 were working-age adults (21% poverty rate), around 250,000 (24% poverty rate) were children and around 150,000 (15% poverty rate) were pensioners – see Figure 6.[41]

Figure 6: Relative poverty rates, after housing costs, in Scotland



Source: Scottish Government analysis of the Family Resources Survey
Poverty and Income Inequality in Scotland 2019-22 (data.gov.scot)
Households below average income: for financial years ending 1995 to 2022 – GOV.UK (www.gov.uk)

Scottish Government analysis suggests that, if the UK Government reversed key welfare reforms, 70,000 people in Scotland could be lifted out of poverty in 2023-24, including 30,000 children. Disposable income for families with children in poverty would increase by 10%.[42]

The increase in working poverty in recent years has also been significant. In Scotland, 57% of working-age adults in poverty and 69% of children in poverty live in a household where someone is in paid work.[43]

As the Joseph Rowntree Foundation set out, paid work offers a route out of poverty for those of us of working age, but for work to offer protection against poverty, it must offer good pay, enough hours for an adequate wage, and job security.[44]

The Joseph Rowntree Foundation has recently reported that approximately 3.8 million people across the UK experienced destitution in 2022, including around one million children. This is almost two and a half times the total number in 2017 and nearly triple the number of children. The report highlights that 'after more than a decade of deep benefit cuts and freezes, levels of working-age benefits are now demonstrably inadequate'.[45] By comparison to other regions of the UK, Scotland has experienced by far the lowest increase in destitution since 2019, with the report noting this may be indicative of the growing divergence in welfare benefits policies in Scotland, notably the introduction of the Scottish Child Payment. However, that destitution exists at all is an indictment of Westminster's social security system.

Under current constitutional arrangements, Scotland has limited levers through which to manage and organise the labour market and ensure that work is well paid and secure. The National Living Wage, which sets the minimum hourly rate at which employees can be paid, is set by the UK Government. Powers over employment rights, including parental leave, the right to strike and rights to minimum hours, breaks and holidays, are also all reserved to the UK. And Westminster has full control of the tax rules that incentivise employers to offer insecure work, as the UK Government's own review noted.[46]

The UK Government's Spring Budget Statement this year and accompanying Health and Disability White Paper were presented and framed by the Chancellor as incentivising work. Both put the focus very much back on the individual, setting out 'support' to enable sick and disabled people to find and sustain paid employment – essentially putting people at risk of benefit sanctions. Neither the budget statement or the White Paper offered any meaningful changes for employers or to employment law to support people back into or help them maintain paid employment.

In response to the White Paper, Disability Rights UK said:

> 'Barriers to more Disabled people getting employment do not lie with Disabled people ourselves but with society – including inaccessible transport, poor employer attitudes, inadequate flexible working and Access to Work Support and failure to make reasonable adjustments.'[47]

Steps to limit or reduce the financial support available to people with ill health and disabilities will surely do nothing to improve poverty rates – the figures already show that disabled people are more likely to experience poverty than the general population.[48] UK-wide, disabled people make up 28% of people in poverty and a further 20% of people in poverty live in a household with a disabled person. This statistic is largely replicated in Scotland where around 410,000 households in poverty (42% of all households in poverty) include a disabled person.[49]

Unpaid carers are also more likely to experience poverty. Even before the impacts of the coronavirus pandemic and the current cost of living crisis, many carers faced precarious financial situations, and 1.2 million informal carers were living in poverty in the UK.[50]

The poverty figures speak volumes, but they cannot fully convey the very real human cost these decisions by the UK Government continue to have on individuals and families. The physical and mental harms that come from living on a low, insecure income can stop people from living up to their potential, and living a full, long life. Addressing poverty is one of the Scottish Government's national missions – not just because it is the right thing to do, but because lifting people out of poverty and preventing them from falling into poverty in the first place, has long-term benefits for society and public services. We know that children who grow up in poverty are less likely to do well at school or go on to higher or further education. By moving children out of poverty and helping them to realise their full potential, we can reduce the risk of them becoming the parents of children in poverty in the future.

Living in poverty, even for short periods, increases the risk of illness and disease, impacting on people's ability to get themselves out of poverty through accessing paid work, and increasing reliance on health and social care services. Reducing poverty will help to reduce health inequalities.

Ultimately, there is evidence that living in poverty reduces life expectancy. A review by the Glasgow Centre for Population Health and the University of Glasgow cited a range of evidence linking the UK Government's austerity programme, which included the reforms discussed above, to approximately 335,000 additional deaths across the UK:

> 'There is clear evidence of adverse changes to mortality rates in the UK from the early 2010s onwards: a slow-down in the rate of improvement overall, alongside increasing death rates among more socioeconomically deprived populations; inequalities have widened considerably as a consequence of the latter. These changes predate the Covid-19 pandemic and are important context for understanding the scale of pandemic-related inequalities. Although a number of different contributory factors were initially proposed, a considerable body of evidence now demonstrates that UK Government's "austerity" policies are the main cause of these pre-pandemic changes.'[51]

The report concludes that there is growing evidence of deeply worrying changes to mortality trends in the UK – particularly among more socio-economically deprived populations – which have been largely attributed to UK Government policy.

The links between social security and the economy

The case for reform of the UK social security system – and Universal Credit in particular – is often made on the basis of fairness and social justice. The economic case is less often made but is no less compelling. A strong social security system which works for everyone, at all life stages, should be integral to a wellbeing economy.

Social security is, in many ways, a driver of the labour market and the broader economy.[52] When it works well, as in the Nordic countries, it provides people with security and choice throughout their working lives. It is a genuine safety net.

This means that when people lose their jobs, or temporarily leave the labour market to start a family, provide care, or because of ill-health or disability, they have enough income from benefits that they do not have to accept the first job they find. It can only be of benefit to the economy – and to the employer and the individual – if employees are well-matched to jobs that suits the skills they have.

Similarly, when people want to invest in a business idea or set up a new enterprise, they can be sure that if the risk does not pay off, they will still get support to move into employment, retrain or establish another business, without being pulled into poverty.

The UK social security system does not work this way. Losing a job, being unable to work or having to close a business is difficult for anyone in any country, but in the UK, social security can be seen as a barrier to help rather than an enabler.

This perception of barriers is, at least in part, why some people choose not to apply for benefits. At the start of the pandemic, for example, researchers from the 'Welfare – at a Social Distance' project reported that around half a million people who were eligible for Universal Credit did not claim it.[53] Of these, 220,000 thought they were eligible for UC but did not want to claim for a number of reasons, including:

- 41% 'didn't think it would be worth the hassle'
- 32% 'didn't want to be forced to do things by sanctions'
- 27% didn't want to be 'the kind of person who claims benefits'
- 22% said they were 'struggling, but thought things would get better soon'

The researchers also estimated that another 280,000–390,000 people wrongly thought they were ineligible for Universal Credit so did not apply. If perceived stigma, complexity and bureaucracy can deter people from applying for social security, it is not a safety net for everyone. It is rather a welfare service for those who have no other choice.

Those who do apply may find that benefit levels are inadequate. Research by Joseph Rowntree Foundation and the Trussell Trust found that the basic Universal Credit level was at its lowest level ever in 2023-24, as a proportion of average earnings, and did not provide enough to meet essential needs.[54]

This is crucial in economic terms because inadequate incomes can move people further from the labour market.[55] This may be particularly problematic when:

- the mental strain of having to deal with debt or housing arrears, feed a family or fund basic essentials, deters people from being able to look for work or take on new employment. As the All-Party Parliamentary Group on Poverty at Westminster noted recently, ‘Living in scarcity does not put people in the right mindset to start looking for work’[56]
- the volatility of household incomes under Universal Credit, particularly for couples who are both in work, leads some employees, particularly women, to reduce their hours or quit their jobs so that household incomes are more stable[57]
- the difficulties of claiming childcare costs as part of Universal Credit lead some parents to reduce the hours they work so they can care for their children themselves[58]
- people struggle to meet the costs associated with looking for work or moving into a new career: for example, ‘needing to pay for accreditation in construction, or registration and a criminal reference check to be a child minder, or insurance to be a taxi driver’[59]

A new approach to social security is needed that provides people with an adequate income when they are not able to work, lose their jobs or when their business fails; a system that supports people to retrain and to find fair, flexible work; that supports employers to make reasonable adjustments to retain staff. A new system needs to make accessing support for childcare costs easy. Stigma within the system – and within society about social security – needs to be addressed: there should be no shame in using social security.

This needs to be supported by fair employment practices, as described in the ‘Building a New Scotland: A stronger economy with independence’ which could include a fair national minimum wage, access to flexible working, higher minimum standards of sick pay and parental leave,[60] and wider family-friendly policies such as access to early learning and childcare and training, rehabilitation, and supported employment to support disabled people into work. These measures could go hand in hand with social security to support people as they transition through life’s ups and downs.

A successful model would be one which provides integrated, person-focused support to breakdown barriers to employment for those who are able to work – and provides adequate levels of support for those who are not able to undertake paid work.

This government believes that this model of social security can best be delivered in Scotland via independence. How Scotland has begun to use its own social security powers shows what might be possible.

Scotland's social security system – a new approach

The Scottish approach to social security, which has been developing over the last decade, is fundamentally different to that of the UK Government. From the outset, the developing principles were grounded in an ambition to deliver a system with dignity, fairness and respect at its heart.

The Social Security (Scotland) Act 2018 set this distinctive Scottish approach into legislation. It includes a set of **social security principles** which direct every aspect of design, development and delivery, as set out in **Box 1**.

Box 1 – The Scottish social security principles

Social security is an investment in the people of Scotland.

Social security is itself a human right and essential to the realisation of other human rights.

The delivery of social security is a public service.

Respect for the dignity of individuals is to be at the heart of the Scottish social security system.

The Scottish social security system is to contribute to reducing poverty in Scotland.

The Scottish social security system is to be designed with the people of Scotland on the basis of evidence.

Future improvements to the Scottish social security system will seek to:

- put the needs of those who require assistance first and
- advance equality and non-discrimination

The Scottish social security system is to be efficient and deliver value for money.

These principles are embedded in our **social security charter**,[61] which explains what people can expect from the Scottish Government and Social Security Scotland. The charter was also created in partnership with people with lived experience of social security and independent expert organisations.

The Scottish Government is required to report to Parliament on how the charter is being delivered and an independent scrutiny body, the Scottish Commission on Social Security, also publishes reports on how we are doing against it. The commitments in the charter are set out in **Box 2**.

Box 2 – The social security charter

A people's service. We are here to help you get everything you're entitled to.

Processes that work. We will design services with the people who use them.

A learning system. We will encourage feedback and empower people to deliver the best service possible.

A better future. We will invest in the people of Scotland – making a positive difference to all our lives.

'Experience Panels' are one concrete example of how the principles and the charter work in practice. These panels were made up of the people who understand social security best – those who have applied for benefits themselves: they have informed the development of the new system. Over 2,000 people told us what mattered most to them when applying for and receiving benefits and what needed to be done differently. They told personal stories about processes for applying to the DWP for benefits that left them feeling stigmatised. Their feedback has helped design a new model for social security for Scotland, as well as new benefits, under devolution.

These commitments are borne out in the experiences of people applying for or in receipt of benefits. Social Security Scotland's most recent 'Client Survey' reported that almost 9 in 10 people reported that they had been treated with fairness, dignity and respect and that their overall experience of applying for a benefit was 'good' or 'very good'.[62]

New Scottish benefits

Establishing a new social security system from scratch has been the most complex delivery programme undertaken in Scotland since devolution in 1999. It has been a challenging journey which has had to adjust and respond to unprecedented challenges. However, despite Brexit and Covid, substantial progress has already been made.[63]

Fourteen Scottish social security benefits are now in place, seven of which are entirely new. As of June this year, Social Security Scotland directly employed more than 4,000 staff[64] across offices in Dundee and Glasgow. When all benefits have been introduced and clients safely and securely transferred from the DWP, it is expected that Social Security Scotland could support around two million children and adults nationwide.[65] The Scottish Government is forecast to spend £5.3 billion on benefit expenditure in 2023-24.[66]

In order to introduce these benefits, underpinning systems have been built to administer them. These include a case management system, document management, routes to allow clients to challenge decisions, fraud, error and debt capabilities, telephony, data warehousing, advocacy, and appointment booking, to name but a few. In addition, Social Security Scotland has had to recruit the people and skills it needs to deliver a successful service.

An example of the Scottish approach to social security is the 'five family payments' that provide additional financial support for low-income families with children. Investing in early years is a key priority for the Scottish Government and tackling child poverty is a national mission. The Scottish Parliament, recognising the harm caused by poverty, has set stretching child poverty targets in statute, to be met in 2023 and 2030.[67] Social security is one way to support families at risk.

The five family payments are:

- Best Start Foods, providing financial support to buy healthy foods for pregnant women (£19.80 every four weeks) and young children (£39.60 every four weeks up to the age of one and £19.80 every four weeks for children aged one to three)
- the three Best Start Grant payments, providing targeted support at key stages of birth (£707.25 for a first child, £353.65 for subsequent children), early years (£294.70), and school age (£294.70)
- and the 'game-changing' Scottish Child Payment[68] (£25 per week for each child aged under 16)

Over £200 million was paid to low-income families through the Scottish Child Payment alone in 2022-23. Now that eligibility has been extended to include all eligible children under 16, expenditure is forecast to increase to over £400 million in 2023-24 and around 310,000 children in low-income households across Scotland are expected to benefit from this support every year.[69]

These payments could together be worth around £10,000 by the time a child reaches six and over £20,000 by the time a child reaches sixteen: they provide a level of support far greater than anywhere else in the UK.

Feedback from those receiving the benefits is overwhelmingly positive with people noting how straightforward it is to apply and how positive the process is.[70] They are making a real difference to real people – one recipient explained the impact the payments have had:

> 'I have two daughters and a son. I got Pregnancy and Baby Payment first and that opened the doors to getting other payments, including Scottish Child Payment. That really helped me. It helped with shopping for food and milk, especially now when everything is going up. It made a massive difference.'
>
> 'My advice to other parents is to call Social Security Scotland – it's very easy to pick up the phone and you get a lot of help to go through the process.'

This is supported by research which shows that positive outcomes are being delivered for children and their parents and carers alike, easing financial strain on low-income families at key stages for their children. The payments are preventing families from going into debt and increasing the confidence of parents and carers.[71]

Crucially, the Scottish Child Payment could lift 50,000 children out of relative poverty, reducing the relative child poverty rate (after housing costs) by an estimated five percentage points in 2023-24.[72]

This illustrates the Scottish Government's commitments to use social security to reduce poverty and improve outcomes using the powers it has. It indicates what might be possible with the full powers of independence.

A new approach to carer and disability benefits

The Scottish approach to carer and disability benefits illustrates the different approach now being taken.

The Scottish Government recognises the massive contribution made by unpaid carers to the people they care for and our communities. It is estimated that the economic value of the contribution made by carers in Scotland is £13.1 billion per year.[73] Devolution has already provided greater opportunities to improve support for unpaid carers and help address gender inequality through improvements to Carer's Allowance. The first major change with the new social security powers in 2018 was to introduce the Carer's Allowance Supplement. This increased Carer's Allowance to the level of Jobseeker's Allowance, and now exceeds it. At the end of 2023, the Scottish Government will have provided those continually in receipt of Carer's Allowance with £3,300 more than equivalent carers in other parts of the UK.[74]

In addition, we introduced the Young Carer Grant in 2019, which now provides an annual payment of over £350 to carers aged 16 to 18 with significant caring responsibilities.

The Scottish Government is working to ensure that carer benefits align better with the strategic approach set out in the National Carer Strategy[75] to address the different aspects of support for unpaid carers, better enabling them to provide the right support for the people they care for while living full, rounded lives. Our work to deliver the Carer Support Payment is just one part of a range of work already underway – such as the introduction of a National Care Service and work to look at a Minimum Income Guarantee for all – which has the potential to deliver significant improvements for carers.

The Carer Support Payment, the replacement for Carer's Allowance, will be available across the whole of Scotland by autumn 2024, and will deliver improved support and an improved service, designed with carer and support organisations to better meet the needs of those who use it. The Scottish Government is also extending entitlement to many unpaid carers who wish to study full-time, reducing barriers to education, and providing better links to wider services to help carers access all the support they are entitled to, helping to provide more stable incomes.

After launch, the priority is to safely and securely transfer the awards of people in Scotland receiving Carer's Allowance from the DWP and onto the Carer Support Payment. Once this transfer is complete, further improvements will be made to the Carer Support Payment, such as an additional payment for those that care for more than one person and extending the run-on of the benefit to the carer if the person they care for passes away.

By the end of 2025, it is expected that approximately 700,000 people in Scotland currently receiving disability or carer's benefits from DWP will have their awards transferred to Social Security Scotland and onto the new replacement Scottish disability and carers benefits.[76]

Transferring the awards of so many people from one case management system to another and from one legal framework to another is a huge undertaking. This is a joint project with the DWP to ensure that the right information is provided at the right time and in the right format to allow this to happen.

Listening to benefit recipients and learning from their experiences has been fundamental to designing this process. Through this engagement, 'case transfer' principles have been designed to give people assurance about how the process will work in practice:

- no one will be required to re-apply for their benefit as part of the transfer process
- the case transfer process will be completed as soon as possible, while ensuring that it remains safe and secure
- people will continue to receive the right payment at the right time
- people's awards will, wherever possible, be transferred before they would be subject to a DWP face-to-face assessment
- we will clearly communicate with people transferring

Significant and substantial improvements have already been made to applying for and receiving disability benefits. Input from the Experience Panels, together with extensive independent advice from the Disability and Carer's Expert Advisory Group and other stakeholders including members of the Ill Health and Disability Stakeholder Reference Group, has helped transform the new approach to disability benefits.

A case study on the new Adult Disability Payment, which replaces PIP in Scotland, is provided in **Annex B**.[77] This shows how the new approach makes applying easier, aims to get decisions right first time by trusting people, ends routine face-to-face assessments and removes the role of the private sector in assessments.

And the work hasn't stopped. The Scottish Government is committed to continuing to improve the experience of people receiving Adult Disability Payment. A year on from the national launch of Adult Disability Payment, it is time for an independent review to ensure we meet the needs of disabled people both now and in the future.

The independent review builds upon a consultation on the eligibility criteria for the mobility component of Adult Disability Payment, conducted between January and April 2023. The review will consider the current eligibility criteria, people's experiences of Adult Disability Payment, the consultations process and staff guidance, and initial priorities for early action. Disabled people and stakeholders will have the opportunity to contribute throughout the review, to ensure that a diverse range of views are considered in making recommendations. The independent review will also ensure all evidence is considered holistically, to ensure coherence and consistency in recommendations for future improvement.

Mitigation

The Scottish Government is also using its limited powers to mitigate some of the worst impacts of UK Government policy. In this financial year, we are investing almost £3 billion to support polices which tackle poverty and protect people during this ongoing cost of living crisis.[78] Of this, £127 million[79] is spent mitigating UK Government welfare reform policies, including around £71 million to fully mitigate the bedroom tax, helping over 92,000 households to sustain their tenancies; around £6 million to mitigate the benefit cap as fully as possible within our current powers; and around £8 million to mitigate the damaging impact of other UK Government welfare cuts including the ongoing freeze of Local Housing Allowance rates.

We have also used our very limited powers to improve delivery of Universal Credit through the introduction of 'Scottish Choices' in 2017. Scottish Choices allows households to decide to receive their Universal Credit payments every two weeks instead of every four and to have their rent payments made directly to their landlord, helping with budgeting and cash flow.

As mentioned earlier in this paper, the Scottish Government is also working with DWP to offer 'split payments' to Scottish households in receipt of Universal Credit. This would address the inequalities created within the single household payments, which tends to favour male partners and embeds gendered inequality within the social security system. Split payments would provide each of the adults in a household with access to an independent income, based on their needs, and reduce the risk of financial control and coercion within households. Just as we did with Scottish Choices, the Scottish Government would pay for DWP's necessary systems changes and development and an ongoing administrative delivery fee.

The limitations of devolved powers

Scotland has already changed the devolved approach to social security in many ways and has been ambitious in creating new benefits. Nevertheless, most social security powers exercised in Scotland remain with the UK Government. While this remains the case there will continue to be limitations and constraints on how the Scottish Government exercises its existing powers, and impacts on the individuals and families.

The UK Government's Health and Disability White Paper is just one example of this, where proposed changes to reserved benefits could have implications for those in receipt of devolved benefits such as Adult Disability Payment. The White Paper sets out plans to remove the Work Capability Assessment for Universal Credit and Employment Support Allowance, and removing the Limited Capability for Work benefit top-up worth over £390 a month. Instead, the existing Personal Independence Payment assessment will be used to determine eligibility for a new Universal Credit health element.

As described elsewhere in this paper, the Adult Disability Payment replaced the Personal Independence Payment in Scotland and introduced a very different approach to assessments. The Scottish Government are currently working closely with the UK Government to make sure that people receiving Adult Disability Payment are treated in the same way as those receiving PIP in the rest of the UK. Similarly, plans for further improvements to Carer Support Payment are dependent on reaching agreement with the UK Government that Carer Support Payment will continue to be treated the same as Carer's Allowance to protect carers' existing reserved benefits and premiums. However, the UK Government has indicated that this may not be the case if Scottish disability and carer benefits change in the future.

We are also curtailed in our ambitions for Employment Injury Assistance by key aspects of related policy remaining reserved to the UK Government.

The Scottish Government has also been forced to rethink plans for a new Parental Transitions Fund, as a result of the interaction of proposed payments with reserved tax and benefit rules and the limits of devolved powers to support people to access and retain employment.

Despite Scotland's best efforts to mitigate the UK Government's worst social security policies, including the bedroom tax and the benefit cap, it is not possible to mitigate them all. The impacts of the benefit freeze, the two-child limit and the 'rape clause' – all UK Government spending decisions – continue to push poverty levels higher, and squeeze the income of those with the least.

Under devolution, Scottish governments have very limited influence on what Westminster chooses to do. As a result, this government has had to use its own budgets to mitigate against the worst of UK welfare reform, but it is impossible with limited fiscal powers to mitigate against every negative policy change.

The spillover provisions within the Fiscal Framework agreement[80] correspond with the 'no detriment' principle articulated by the 2014 Smith Commission, but add a further layer of uncertainty when balancing the spending decisions of the Scottish Government. A spillover can occur when one government makes a policy change that impacts on the budget position (either tax receipts or expenditure) of the other. For example, if the Scottish Government made a change to benefit eligibility which in turn makes more people eligible for 'passported' reserved benefits, then the Scottish Government may be expected to pay for any increased UK Government spend.

We have an opportunity with independence to reset the role of social security in our society. The next section sets out some of the government's early commitments for an independent social security system.

Social security in an independent Scotland

The transition to an independent social security system

While independence would provide an unparalleled opportunity to redraw a fairer and more adequate system of social security in Scotland, many of us rely on current social security payments and that is why the first priority would be assuring a safe and secure transition.

In the event of a vote for independence, negotiations between the Scottish and UK Governments would begin on detailed arrangements for the transfer of all reserved social security powers. These discussions would be part of wider negotiations between both governments about the distribution of the UK's assets and liabilities.

The two governments already work closely together in managing the transfer of the devolved social security powers and this would continue in the transition to independence. A priority for both parties, as responsible governments, would be to continue to protect the interests of the people of Scotland – and of the rest of the UK – in the run up to and during the transition period.

Both the DWP and HMRC already have significant resource located in Scotland, delivering a range of current reserved functions. DWP had 8,095 civil servants based in Scotland (9% of the department) at 31 March 2023, while HMRC had 7,820 civil servants (11% of the department).[81] There are currently four Universal Credit centres, two Pension Centres, four HMRC offices[82] and over 80 job centres in Scotland.[83] Most of these locations, with the exception of local job centres, are providing services to the whole of the UK. Similarly, offices in England and Wales provide services to the whole of the UK, including Scotland. The significant DWP and HMRC presence in Scotland, combined with the presence of Social Security Scotland, offers a good platform to ensure a smooth transition in benefits and service provision and the implementing of a new social security system in an independent Scotland.

This Scottish Government would work with DWP and HMRC to transfer benefits and service provision safely and securely, ensuring that everyone continues to receive their benefits, on time and in full while we develop existing systems to support delivery of a full social security system in an independent Scotland. This work would build on the systems that Social Security Scotland has already put in place and make best use of the DWP and HMRC resources and delivery mechanisms that already exist in Scotland.

For the many DWP and HMRC staff who live and work in Scotland, independence would provide opportunities to contribute to setting up a comprehensive social security system, a system firmly based on the Scottish social security principles and charter.

Recognising the close links that would remain between Scotland and the rest of the UK, appropriate cross-border arrangements would be agreed to protect individuals' existing accrued rights through any transition period and beyond to facilitate continued free movement between Scotland and the rest of the UK and Ireland.

Consideration would also need to be broader than these islands, as Scotland has responsibilities for EU citizens who currently live here, and this government would prioritise re-joining the European Union (EU) following a vote for independence.

This government would ensure that EU citizens in an independent Scotland would retain entitlement to the social security benefits they are currently eligible for.

Furthermore, on rejoining the EU as a member state, an independent Scotland would participate in the social security coordination rules, which mean that Scottish citizens moving to another EU country would have protected social security rights, as would EU citizens in Scotland.

Early changes to social security with independence

A new, comprehensive social security system cannot be developed and fully implemented overnight – any responsible government of a newly independent Scotland would wish to take time to make sure that what was being introduced would be fair and future-proof – recognising the scale of the future challenges set out later in the next section.

However, in the short term, this government would look to make immediate changes to the current system to reform Universal Credit and work towards the levels of the 'Essentials Guarantee' and better align support for unpaid carers and disabled people. This would include the following ten key actions:

1. Removing the two-child limit, and scrapping its 'rape clause', to increase family incomes and lift some families out of poverty. The two-child limit policy was introduced in 2015 to reduce the costs of social security, restricting benefits to the first two children. When it was introduced, the UK Government said that it would require those in receipt of benefits to make 'the same financial choices about having children as those supporting themselves solely through work'.[84] The evidence shows that the policy has had very little impact on family size but has increased the number of children in larger families who are living in poverty.[85,86] On top of this, official figures from 13 July 2023 revealed a total of 2,590 women across the UK had to disclose details of rape to receive support for a third or subsequent child.[87] This change of approach would not only protect women from the inherent harms of the 'rape clause', it would also increase the financial support available to larger families and help with the government's aim of ending child poverty. The estimated cost for this policy is around £120 million in 2023-24.[88]

2. Removing the benefit cap, again helping low-income families. The benefit cap was introduced as part of the UK Government's welfare reform agenda, with the aim of making work pay and reducing the benefit bill.[89] The benefit cap limits the amount of annual benefits that a household can receive to £14,800 for single adults if they live alone with no children, or £22,000 for couples or single households with children.[90] This compares to a median UK disposable income of £32,300 in 2022.[91]

The benefit cap as introduced primarily affects families with children. No child should grow up in poverty. We are already investing in mitigating the benefit cap through Discretionary Housing Payments, but to mitigate in full under devolved arrangements is challenging. Independence would give Scotland the full powers to lift the benefit cap.

3. Scrapping the bedroom tax. In an independent Scotland, this government would remove the bedroom tax from social security legislation as soon as practicable.

The Scottish Government has used its own resources to make sure, as far as possible, that no household in Scotland is affected by the bedroom tax. Introduced by the UK Government, the bedroom tax reduces benefits for those considered to have 'too many bedrooms' in their home. In reality, families elsewhere in the UK have been forced out of their homes and in some cases out of their communities because they could not afford to have their benefits cut.

4. Replacing Universal Credit 'budgeting loans' with grants to help individuals and families in the first weeks of claiming the new benefit. This would ease the five-week wait and mean that Universal Credit was paid at its full rate, without the deductions and the debt that people face just now. Mitigation of the five-week wait for new applications to Universal Credit is estimated to cost around £100 million in 2023-24.[92]

5. Scrapping the existing sanctions policy, to make sure that people are supported into sustainable employment and better long-term outcomes, creating a fairer, more dignified and respectful approach to social security. Although sanctions are often in place for just a short time, any sudden drop in income can have long-term consequences for households. In March 2022, as the cost of living crisis was unfolding, around 60,000 households in the UK were subject to sanctions that reduced their benefit award.[93] This was down to around 49,000 in July 2023.[94] Changes announced in the UK Government Spring Budget statement this year and set out in the Health and Disability White Paper mean that even more households, including women with young children, disabled people and those with long-term health conditions will face a real risk of having their benefits reduced due to sanctions. The UK Government's Autumn Budget Statement went even further with additional requirements to 'incentivise compliance' – including introducing even tougher punishments for those already subject to sanctions, removing access to free prescriptions and legal aid for those outside of Scotland.[95]

6. Ending the young parent penalty in Universal Credit as an early priority. With independence, this Scottish Government would ensure that parents under 25 receive the same amount of financial support for their family as those over 25. Rent and food cost the same no matter your age. The estimated cost of delivering this policy is around £20 million in 2023-24.[96]

7. Doing more to make sure people apply for their full entitlements. The Scottish Government is already committed to promoting take-up of Scottish benefits and supporting households to maximise their income. With a wider reach, more can be done. This includes changing the role of work coaches to make sure that people in touch with Job Centres get the advice they need to access their full entitlements.

If Scotland chooses independence, this government would work with those with experience of the current system to learn how to remove the barriers that stop people from accessing their full entitlements. We would work across government to improve outcomes for everyone, especially those communities and individuals who are most likely to be let down by the current system – older people, women, single parents, disabled people and minority ethnic communities, amongst others – to make sure they can have equal access not only to social security but to the world of secure, fair, paid work and wider collective services. We would also work to improve take-up of Pension Credit for those of pensionable age.

8. Strengthening support with the cost of moving into paid work. In recognition of the financial insecurity faced by individuals when entering the labour market, we would strengthen support available for people entering work by increasing investment to ensure everyone who is eligible gets the help they need with the likes of up-front childcare costs, travel and clothing. We would also transform the delivery of existing support, including through Jobcentre Plus work coaches and Access to Work, to actively promote the help and support already available and draw upon lived experience to ensure that services are responsive and meet the needs of those who rely on them. This policy could cost around £15 million in 2023-24.[97]

9. Going further, faster to improve support for unpaid carers. Using current powers, the Scottish Government has introduced additional support for unpaid carers with the Carer's Allowance Supplement and the Young Carer Grant, both unique to Scotland. The Carer Support Payment is now being rolled out, improving signposting to wider support and expanding entitlement to many student carers, and there is a clear plan for further improvements. However, interactions with the currently reserved benefits and tax systems are complex, with significant dependencies. Independence would allow this government to address barriers better, deliver improvements more quickly, and take a more holistic approach to designing a tax and social security system that works better for all carers. A more holistic approach would better support carers to provide care for their loved ones in a meaningful and sustainable way while still being able to work, attend education and have full lives away from caring.

10. Stop the roll-out and roll-back changes to the delivery of existing health and reserved disability benefits introduced as a result of the UK Government's Health and Disability White Paper. In an independent Scotland, future governments would not be bound to implement changes proposed by the UK Government – changes that could have far reaching consequences for people currently in receipt of payments under Universal Credit and Employment Support Allowance. Abolishing the Work Capabilities Assessment criteria as set out in the UK Government White Paper would bring many hundreds of thousands of people into the work conditionality regime, exposing highly vulnerable people to the risk of benefit sanctions. We will ensure that changes to disability benefits are driven by our principles and, importantly, by the evidence of what is in the best interests of disabled people, rather than by the need to reduce spending.

These early steps could start to reduce some of the financial pressures and long-term harms that the sustained reduction of UK benefits has had on the poorest households in Scotland. However, these changes would only be the starting point of a long-term programme – and are largely based on mitigating the harms and inadequacies of an existing system, designed by successive UK governments.

The estimated cost of the immediate reforms to Universal Credit above – on top of existing spend to mitigate against UK welfare reform measures – is over £250 million in 2023-24.[98] This is not insignificant in itself but needs to be seen in the context of the £24.7 billion spent on social security in Scotland by the UK and Scottish Governments in that same year. The reforms are in line with the approach to fiscal policy set out in the Economy paper. The financial impact of other reforms, for example on sanctions and additional employment support, will depend upon the future review and design of those programmes.

More significant improvements could be made over the long term. An independent Scotland could choose, as a nation, to increase the amount we spend on social security. New models could be developed to link social justice, health and social care, a dynamic wellbeing economy, and a thriving labour market more seamlessly together. These approaches have proved beneficial for a number of countries comparable to Scotland that now outperform the UK; so, in time, a more ambitious approach could help make Scotland a wealthier country.

Moving to a more 'social democratic' model of social security is linked to Scotland's ability to have a stronger economy with independence, and to match the performance of other independent European countries that have low levels of poverty and inequality and high levels of economic success. One key element of this is the overall size of the working-age proportion of the total population contributing to the tax base. As set out in previous papers, this government's ambitious proposals on migration would welcome individuals and families to Scotland, boosting our working-age population and contributing to a wellbeing economy, helping grow the tax base.

More progressive social security models are discussed in the next section.

Considerations and choices for a future social security system

Social security models

Scottish independence offers a rare moment in the history of any country to develop a new social security system and to think afresh about what social security could mean for all of us. To learn from what isn't working in the current system and make informed decisions about the type of society we want to be and create a social security system that supports that vision.

Developed nations each have their own different systems which reflect how they have developed over time, their industrial structures and their political preferences and choices.

However, one enduring and widely accepted categorisation[99] has identified that there are three distinct approaches to social security:

- **a liberal approach** – characterised by modest means-tested benefits, targeted at low-income recipients and often associated with stigma.
- **a conservative approach** – prioritising traditional family-based assistance.
- **a social democratic approach** – universal systems based on an equality of high standards and not an equality of minimal needs. Costs of caring for the young, ill and old are socialised, resulting in high social costs which in turn incentivise full employment (i.e. the durability of the model rests on maintaining a high employment rate to sustain high social spending).

Most national social security systems draw on elements of each of these different approaches, and no existing system is a pure version of any of the categories. For example, the Nordic countries take a predominantly social democratic approach but also include elements of a liberal approach – such as means-testing. Countries with a more conservative approach also incorporate aspects from both liberal and social democratic approaches.[100]

This Scottish Government believes that, with the full powers of independence, we could begin to transition from the UK's largely 'liberal' approach to a more 'social democratic' system. We could build a system to protect all of us, especially the most vulnerable in society, those of us living in poverty, the youngest and oldest of us, our unpaid carers, and those of us who are sick or disabled.

The social democratic approach is often exemplified by the social security systems in Nordic countries, which although unique to each country, are collectively seen as modern and progressive.[101] These include a more universal approach to social security entitlements with levels set to provide income security for all, integrated health and social care models, high investment in active labour market policies often delivered in strong partnership working with employers and trade unions, and high employment levels – particularly for women – supported by high quality, subsidised childcare.

There are many apparent advantages to the Nordic approach, with outcomes including high levels of prosperity, productivity and employment and low levels of income inequality, and higher levels of educational attainment, life expectancy, social mobility and general positive wellbeing – often coming top of the table in the 'world's happiest countries' lists.[102]

These nations are in effect demonstrating the benefits of a wellbeing economy, with a clear focus on building a fairer, happier and wealthier society.

While these countries tend to have higher rates of direct taxes, a proportion of social expenditure is also financed by employers and insured through contributions and special taxes. As highlighted earlier in this paper, the most recent Scottish Social Attitudes Survey tells us that most people in Scotland think that spending on social benefits should be increased. The first publication in the 'Building a New Scotland' series argues that the world's most enduringly successful societies – as shown by a range of indicators – are independent countries of Scotland's size which have successfully married economic dynamism with social solidarity. Relatively high social spending and relatively equal income distributions have not proved barriers to robust economic development.[103]

Social security and a dynamic economy

It is widely recognised that the next decade and possibly beyond will be characterised by significant, and perhaps unprecedented, economic change. As the UK continues to confront the specific problems caused by Brexit, it also shares common challenges with all advanced nations:

- the **transition to net zero** will create employment in lower carbon sectors and reduce employment in higher emission sectors. The transition is likely to generate significant challenges around industrial development, labour supply and regional development.
- **demographic change** will result in a higher 'dependency ratio' where there are fewer people of working age compared to those in other age groups (children and older people); this will increase demand for labour-intensive services such as health and social care.
- **technological change** will continue to influence the pace and direction of employment growth, perhaps more dramatically than in the recent past.
- the disruption to labour and product markets caused by the **Covid-19 pandemic** is likely to continue affecting the economy in at least the short term.

It is in this context that future governments of an independent Scotland must consider how a move from the 'liberal' model of UK social security towards a more 'social democratic' model could be achieved. Properly designed and implemented, a Scottish social security model could help individuals, families, communities and the economy as a whole cope much more effectively with the current period of profound economic and labour market transition. Governments in an independent Scotland would need to think coherently across economic and social objectives. Key considerations would include the following:

1. Addressing the inadequacies of the UK system

The earlier section on Social Security in the UK set out the inadequacies and inherent unfairness built into the current UK social security model. A recent Resolution Foundation report concluded that the UK's 'existing social security system is not well-placed to meet the scale and nature of challenges ahead'. Two 'significant drawbacks' of the current system are that 'it provides a highly variable and often very weak degree of income insurance and that it fails to deliver adequate living standards'.[104]

Building a new social security system that eradicates all the inadequacies of the current UK system and delivers an integrated, person-centred, system of support for carers and disabled people, would inevitably be a long-term project. It would involve choices over how to allocate national resources, while protecting existing incomes. The current levels of social security do not provide people with sufficient income to live sustainably and to afford life's essentials – such as food and utilities. This has real-life impacts on the health and wellbeing of those who are relying on social security – which has much wider impacts on the economy, by potentially removing people from the labour market and impacting on health and social care services.

Even where benefits are devolved, as with the disability and carer benefits, the interactions with the reserved benefits system places constraints on how these powers are used in Scotland.

Nevertheless, the first government of an independent Scotland could prioritise where it wished to invest to deliver a stronger system, with better outcomes for everyone; families and households with low incomes, unpaid carers and disabled people.

2. Supporting the development of a stronger economy with independence

In earlier 'Building a New Scotland' papers, the Scottish Government set out its plans for the economy of an independent Scotland, bringing together economic dynamism and social solidarity: the best-performing independent countries of Scotland's size demonstrate that a strong social safety net is a foundation of a dynamic, innovative and productive economy, rather than a barrier to it. These countries balance high overall social spending, relatively high out-of-work benefits and particularly high spend on labour market policies with consistently strong performance on international indices of productivity and innovation.[105]

It is essential that the social security system underpins the development of this new approach. Supporting people to take entrepreneurial risks, without fearing big reductions in income if their ventures fail, would help reinforce the view that an independent Scotland would be an open, outward-looking economy.

Similarly, the best-performing countries of Scotland's size are able to maintain public support for their highly internationalised economies, even where job losses happen, because of the strong support provided to displaced workers through relatively high benefits and access to quality retraining opportunities.[106]

Also, the significant changes in the structure of employment in Scotland – expected over coming decades due to demographic and technological change as well as the drive towards net zero – means that it will be particularly important to align our social security system with labour market, skills and retraining policies. The Scottish Government's commitment to a just transition to net zero can be more easily achieved with full social security and employment powers.

3. Alignment with labour market and wider social policies

One aspect of the Nordic nations' 'social democratic' model of social security is the focus on funding labour market policies adequately and implementing them fully. When labour market and social security policies and approaches are closely connected, this helps those looking for work find better-quality, more-sustainable employment.

As discussed earlier, UK policy has tended to be designed in the belief that generous benefits will reduce work incentives and that the priority is moving people into paid work as quickly as possible, with less emphasis on whether the job is the right job for the individual's skills and abilities.[107] In contrast, experience in the comparator countries suggests that higher levels of unemployment benefits help to cushion the impacts of losing a job on household incomes. Higher benefit levels can also support people to move back into employment, at a similar income level, more quickly.

In the Nordic model:[108]

- Social Security payments offer a higher level of income replacement so that people's spending power is protected, they can still pay their bills and they are still buying goods
- people able to work are expected to do so and to contribute when they can, supported by family-friendly working practices, affordable and accessible childcare, and funding for learning and retraining
- effective labour market policies, and adequate social security, allow people to take time to find a job that suits them, which leads to better 'matches' with employers and supports sustainability of the employment[109]
- people who are sick, disabled or suffering from occupational injury receive very high levels of support: both through, for example, cash benefits, rehabilitation and employment training. In 2021, Norway, Denmark, Sweden, Finland and Iceland were 5 of the top 6 OECD nations on 'public spending on incapacity'[110]
- as a result, when people move back into work it tends to be at a similar income level
- the stronger financial safety net also gives workers more confidence about changing jobs more often – this in turn can lead to higher wages[111]

While the Nordic model is clearly attractive in many ways, it would not be practical to adopt a Nordic version of social security wholesale into an independent Scotland immediately. Nevertheless, it would be possible to begin to make changes where these would be beneficial to people, the economy and society and to move towards an approach that learns from the Nordic model.

Towards a new social security system

Indeed, this Scottish Government has begun to make considerable changes to social security, as we have already seen. A clear pathway to a different future is already emerging, based on the progress made on the devolved benefits and the uniquely Scottish approach to social security.

Engagement and consultation so far on the devolved benefits suggests that this could give Scotland a full social security system, underpinned by the social security principles and the charter including:

- a human rights-based approach, treating people with dignity, fairness and respect
- a system that is an integral part of a wellbeing economy
- a system that is able to tackle poverty and the causes of poverty effectively
- a system that provides an integrated, person-centred model of social security support for carers and disabled people
- a system with adequacy built in, delivering financial security for all through a Minimum Income Guarantee

As set out in this government's proposals on the economy, future governments could use the full powers of independence to build a fairer, more successful and more dynamic economy. A fairer more effective social security system would be central to that ambition. Fair work with better pay and conditions, a minimum wage that better reflects the cost of living in Scotland, better access to flexible working, and higher minimum standards for statutory sick pay and parental leave would be supported by a strong and effective social security system.

But social security isn't all about getting people back into paid work – it also needs to ensure that everyone, regardless of personal circumstances, has access to an income that provides a decent standard of living. Disabled people, those in ill-health, and carers, all face additional costs to reach a basic standard of living. A fairer Scotland could prioritise building a coherent, person-centred system of support for all. This means reducing the complexity of the current system, streamlining and automating eligibility for support.

Findings and recommendations from the Independent Review of the Adult Disability Payment could form a starting point for maximising future opportunities to improve disability benefits and to establish a person-centred system of support for disabled people. The Scottish Government's plans for reviewing the Adult Disability Payment demonstrates its ongoing commitment to improving the experience of disabled people in Scotland. Independence would allow this to be progressed without the constraints of delivering within a wider reserved system of support.

A comprehensive social security system could also build on the work already in place to recognise the contribution that unpaid carers make to ensuring people throughout Scotland get the care they need and to supporting the Scottish economy. We want Scotland to be a place where all carers are recognised and valued for the contribution they make, where they are enabled to provide the right support for the people they care for while living full, rounded lives. No-one should need to put their aspirations and ambitions on hold because they are providing care to a loved one. The Scottish Government's planned improvements to carer benefits are being taken forward as part of the National Carers Strategy so that a strategic approach is taken to supporting carers, ensuring that their experience as carers is reflected in all of the services they use. This includes reviewing the earnings threshold for Carer Support Payment to ensure it is not a barrier to carers staying in, or taking up, employment.

With independence, future governments could target resources to where they are most needed to meet these aspirations. They would be able to legislate to provide essential support at different life stages, creating a comprehensive safety net that any of us might need to call upon at any point in our lives.

Future governments could design a system where there is 'no wrong door' to getting the right kind of support. If we find ourselves in difficulty for whatever reason, it shouldn't matter where we go for help – a local authority, Social Security Scotland or a third sector organisation – we should get all the support we are entitled to in the most efficient and joined-up way possible.

For those who are able to take up paid work, social security support should align with and build on existing employability services – Fair Start Scotland and 'No One Left Behind' – recognising that some people are further from the job market than others. Support should ensure that those seeking paid employment are suitably supported by basic services, including childcare, health services and transport. Family-friendly, accessible work practices could help make sure that work is sustainable.

People should be able to transition into paid employment in a way that means that they don't lose income by doing so. We can do this by making sure that:

- the minimum wage is part of a package of support that enables a decent standard of living for all household types
- income from benefits only begins to reduce when a sufficient level of earnings is received and reduces at a rate which avoids pushing households into debt as they move back into paid work – for example, when managing upfront costs such as travel and childcare
- employment practices support people to sustain work and their incomes through ill-health or disability or taking up a caring role
- barriers are removed for anyone who might need to access social security, regardless of any protected characteristic they may share

Support should also be available when incomes drop quickly or unexpectedly, for whatever reason, to prevent people from falling into poverty and harmful cycles of debt. The system should be built to cope with changes on a personal, regional or national level; it should be future-proofed against the impact of global shocks, such as the Covid-19 pandemic and the ongoing cost of living crisis so that there is no need for emergency top up payments.

To achieve all this, a future social security system needs to be an integral part of a fairer Scotland and a dynamic wellbeing economy.

Minimum Income Guarantee

This paper has outlined key aspects of a social democratic model of social security as typified by the Nordic model and has set out the ambition and the challenges in the decades ahead to create a fairer, more equal Scotland. A range of options would be available to future governments to deliver on that ambition. One possibility that the Scottish Government is currently exploring is a Minimum Income Guarantee, sitting at the heart of strong, wellbeing economy.

Work to explore the potential for a Minimum Income Guarantee is taking place in this parliamentary term. With cross-party support, a Strategy Group and an Expert Group have been set up to look at how such a guarantee could be developed under current powers and what this could like look with the full powers of independence. The Minimum Income Guarantee goes beyond the very basics provided through an 'Essentials Guarantee' moving on from support which provides the very basics required to survive, to one which enables people to thrive, and live with dignity.

The Expert Group published an interim report in March this year setting out their work to date and initial steps towards a Minimum Income Guarantee.[112] That report concludes that the current UK-wide social security system is inadequate and is failing the people who need it most.

The report acknowledges that it may not be possible to realise the full potential of a Minimum Income Guarantee under the current devolution settlement, but it sets out a bold vision for a universal guarantee of financial security – making sure that we all have enough money for housing, food and the essentials that allow us to live a decent, dignified, and healthy life. This includes the following points:

1. **A Minimum Income Guarantee is an ambition that would enable all households to live with financial security.** The guarantee could be delivered through employment and employment support, social security, the tax system, and by reducing or removing essential costs that can be met through fair and equal access to wider collective services, such as social care and childcare. This would also include a targeted payment for anyone that falls beneath the Minimum Income Guarantee level.

2. **The Minimum Income Guarantee level would be set at a higher rate than UK Government benefits and be reviewed regularly to respond to real changes to the cost of living.** One potential measure of reasonable living income, when considering the adequacy of benefits, is the Minimum Income Standard developed by Loughborough University. This work uses research with members of the public to identify what items are essential to supporting an acceptable standard of living.[113] The results show what different households need in a weekly budget and the earnings required to achieve this.

3. **Most of us, through most of our lives, would achieve the minimum income level through access to fair, paid work.** Future governments could make it easier for employment to deliver this minimum level with new powers on employment law and the minimum wage, legislating for fair work practices. This would also help to make progress on equal pay for women and marginalised groups.

4. **A Minimum Income Guarantee payment would top up the income of households where it falls below the Minimum Income Guarantee level.** It would provide support for those not able to meet the income level through paid work or other income, whether that is in the short term due to sickness or unemployment or longer term due to caring responsibilities, disability or age.

5. **A Minimum Income Guarantee would provide a safety net for everyone and could protect against future shocks** like the current costs of living crisis.

A Minimum Income Guarantee has the potential to be transformative in the fight against poverty and inequality. It would aim to be simple and accessible, and offers the potential for current Scottish income replacement benefits to be brought within the Minimum Income Guarantee as an integrated system of support. For example, the Scottish Child Payment may no longer be treated as a separate additional payment, but instead be part of child or family payments within the award, which could also incorporate other benefit payments for children.

Other payments, such as the Best Start Grant, could be paid automatically to qualifying families at appropriate times. There would be no limit on the number of children in a household who might be eligible for such payments. And if a family's income increases, a system of fairer taper rates could help support transition and avoid harmful drops in income.

Existing, non-means tested benefits, such as Adult Disability Payment and Child Disability Payment, which help with the additional costs of being disabled, would continue to be paid in addition to any Minimum Income Guarantee payment, without the need for work assessments. Wider disability premiums and payments would also be 'added on' and we would look at how these could be simplified and streamlined to ensure that the overall support provided was sufficient, coherent and accessible.

It would also take into account the needs of different groups of people living in Scotland, with equality built in right from the start of policy development, considering intra-household inequalities and making sure that adults have access to an independent income.

This year's Programme for Government also asked the Expert Group to consider the specific needs of unpaid carers within the Minimum Income Guarantee model.

The Expert Group is expected to publish a final report in 2024 with recommendations for early actions and longer-term ambitions including how the level of a Minimum Income Guarantee should be set – based on need and cost of living – and the legislative and delivery requirements. It is also expected to set out the economic case for this ambitious change.

And such fundamental change takes time. A lot has been learned through the process of devolving the current Scottish benefits and the most important thing is that, following a vote for independence, people continue to receive their payments on time and in full. Therefore, the Scottish Government would work closely with the UK Government to ensure that this continues and that the journey to a full Scottish benefit system is managed safely and securely.

Most importantly, Scotland's social security system can be designed and delivered based on our existing social security principles of dignity, fairness and respect. The Scottish social security system would eventually replace the harmful, inadequate and mistrusted Universal Credit with an approach that we can all rely on.

This Scottish Government would use the findings from the Expert Group to develop and prioritise early actions and potential pilots of a Minimum Income Guarantee for priority groups during the transition period.

Future governments could also consider the potential benefits of developing a **Universal Basic Income**, if they wished. Unlike either an essentials guarantee or a Minimum Income, which would both be targeted to those on lower incomes, a Universal Basic Income would provide a basic level of income to all, without condition and regardless of other income and resources.
A previous Scottish Government-funded feasibility study considered whether a pilot of the UBI approach was possible under devolved powers. The study concluded that a pilot of the approach was desirable but could not be delivered without support from the UK Government.

With independence, the Scottish Government would commit to developing the right approach to social security for Scotland – one which at a very minimum allows people to cover the essentials they need to survive, but with time and resources could go on to develop something much more ambitious, something which addresses the fundamental structural inequalities and supports a dynamic economy – starting with addressing the fundamental issues with the existing UK system, testing and piloting approaches to find the right fit for the long term.

Conclusions

Scotland is already demonstrating that additional powers over social security can be transformative. Many people across Scotland are now benefiting from a Scottish social security system that treats people with dignity, fairness and respect.

However, the UK Government is still responsible for most social security spending in Scotland and retains most social security powers. Without independence or a significant change in the constitutional settlement, this will remain the case. And the UK system, as has been shown, has not proved to be successful at reducing the UK's poverty levels, which are very high compared to a range of European countries similar to Scotland.[114]

While poverty cannot be solved overnight, so much more could be done to address it. The UK Government has failed to do so, with poverty rates particularly high for families with children. Similarly, the UK faces a cost of living crisis that, in many respects, is much more profound than in other European countries.[115]

This government believes that a different future is possible. Independence offers the prospect of a social security system that transforms lives, ensuring a decent standard of living for all and linking with a stronger, dynamic economy to improve all citizens' working lives and to form the basis of a happy and healthy retirement. Changes to the current system within the Union can, of course, deliver incremental improvements but, to deliver transformative change, a wholly new approach will be needed.

SCOTTISH GOVERNMENT
December 2023

Annex A – Summary of Working-Age Reserved Benefits

Universal Credit[116]
Universal Credit (UC) is a single monthly payment that was introduced by the UK Government in 2013. It was designed to replace six working-age benefits:

- Working Tax Credit
- Child Tax Credit
- Housing Benefit
- Income Support
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)

The roll-out of UC for new claims started in 2013 and was completed in December 2018. Existing legacy claims have been gradually migrating to UC. However, the completion date for this keeps being pushed back, currently aiming to be complete by the end of 2028-29.

As of September 2023, there were 6,143,206 claimants in GB[117] and 498,739 in Scotland (Scotland share – 8.17%).[118]

Working Tax Credit and Child Tax Credit[119]
Working Tax Credit & Child Tax Credit are low-income benefits for people in work and their children.

As of April 2023, there were 1,146,000 families claiming tax credits in the UK and 80,000 in Scotland (Scotland share – 6.98%).

Housing Benefit[120]
Housing Benefit can help you pay your rent if you're unemployed, on a low income or claiming benefits other than Universal Credit.

As of May 2023, there were 2,401,389 clients in GB and 242,073 in Scotland (Scotland share – 10.09%).

Income Support[121]
Income support is a payment to help if you have no income or a low income, and no more than £16,000 in savings, you're not in full-time paid work (you can work less than 16 hours a week, and your partner can work less than 24 hours a week).

As of February 2023, there were 152,948 clients in GB and 14,283 in Scotland (Scotland share – 9.34%).

Income-based Jobseeker's Allowance[122]
JSA is a benefit for people who are actively looking for work.

As of February 2023, there were 92,577 clients in GB and 8,344 in Scotland (Scotland share – 9.01%).

Income-related Employment and Support Allowance[123]
ESA is a benefit for disabled people or those who have a health condition that affects how much they can work.
As of February 2023, there were 1,627,844 clients in GB and 186,045 in Scotland (Scotland share – 11.43%).

Child Benefit[124]

Child Benefit is paid by HMRC to a person who has responsibility for a child under 16 (or under 20 if they stay in approved education or training). The benefit is universal but there are tax implications if they or their partner earn more than £50,000. The weekly rate is higher for the oldest child in the household (£24.00) than any younger children (£15.90). In August 2022, there were 868,185 children in families in Scotland who were receiving this.

Guardian's Allowance

Guardian's Allowance is also payable by HMRC to people who qualify for Child Benefit and are bringing up a child whose parents have died. They may also be eligible if there's one surviving parent. The Guardian's Allowance rate is £20.40 a week. It is paid on top of Child Benefit and it's tax-free. The number of recipients in Scotland is not known.

New-Style Job Seeker's Allowance

This is a contribution-based benefit, payable for up to six months, for people who have paid sufficient NI contributions in the last three years, are out of work, and are actively looking for a new job. Unlike Income-based JSA, it is not being replaced by Universal Credit.

New-Style Employment Support Allowance

This is a contribution-based benefit, payable for up to one year (or indefinitely for people who are in the 'support group' due to the severity of their illness or disability), for people who have paid sufficient National Insurance (NI) contributions in the last three years and are unable to work due to their illness. Unlike Income-based ESA, it is not being replaced by Universal Credit.

Maternity Allowance[125]

Maternity Allowance is payable by DWP to a person who takes time off work to have a baby, if they are self-employed and pay Class 2 NICs, or are employed but do not qualify for Statutory Maternity Pay from their employer.

Maternity Allowance is payable for up to 39 weeks, and it can be paid from 11 weeks before the due date. If they're employed or have recently stopped working, they will get £172.48 a week or 90% of their average weekly earnings (whichever is less) for 39 weeks. If they're self-employed, they can get between £27 and £172.48 a week for 39 weeks, depending on their NI contributions. In February 2022, 3,000 people were receiving Maternity Allowance in Scotland.

Statutory Maternity Pay

Statutory Maternity Pay is paid by employers for up to 39 weeks. They can usually re-claim 92% or 102% of the Statutory Maternity Pay paid to their employee (depending on the size of their business) from HMRC. Statutory Maternity Pay is payable at:

- 90% of the employee's average weekly earnings (before tax) for the first 6 weeks
- £172.48 or 90% of their average weekly earnings (whichever is lower) for the next 33 weeks

The Scottish Government estimate that around 20,000[126] people were receiving Statutory Maternity Pay in Scotland in 2020-21.

Bereavement Support Payment[127]

Bereavement Support Payment has replaced Bereavement Allowance (previously Widow's Pension), Bereavement Payment, and Widowed Parent's Allowance. It is paid by DWP to those under State Pension age whose partner dies, if the partner either: paid National Insurance contributions for at least 25 weeks in one tax year since 6 April 1975; or died because of an accident at work or a disease caused by work.

It is paid as a lump sum, followed by up to 18 monthly payments, with a higher rate going to those who also qualify for Child Benefit. In March 2023 there were 5,044 people receiving Bereavement Support Payment in Scotland.

Armed Forces Compensation Scheme[128]

The Armed Forces Compensation Scheme is administered by Veterans UK and compensates for any injury, illness or death which was caused by service on or after 6 April 2005. As of March 2023, there were 356 people in Scotland receiving support from the Armed Forces Compensation Scheme.

People who are entitled to an award from the Armed Forces Compensation Scheme at a certain level will also be entitled to an allowance called Armed Forces Independence Payment, which is paid at the same rate as the combined enhanced daily living and mobility components of Personal Independence Payment.

War Pension Scheme[129]

The War Pension Scheme compensates for any injury, illness or death which was caused by service before 6 April 2005 and is also administered by Veterans UK. As of March 2023, there were 8,447 people in Scotland receiving support from the War Pension Scheme.

Annex B – Adult Disability Payment

Adult Disability Payment is the Scottish replacement for the UK Government's Personal Independence Payment.[130] After a pilot phase, the new benefit was introduced nationally on 29 August 2022.

Accessing Adult Disability Payment has been made as easy as possible. Applications can be made in a variety of ways – online, by post, over the phone or face-to-face – and comprehensive guidance is provided.

How decisions are made for Adult Disability Payment is very different from Personal Independence Payment. The aim is to get decisions right first time by trusting what people say.

Social Security Scotland will usually only seek one piece of formal supporting information when deciding on an application, and we can collect that on people's behalf if they choose this. Insights provided by family, friends, unpaid carers and anyone who may be part of an informal support network are all important and every piece of information is given equal consideration.

People with experience of Personal Independence Payment have told us that assessments carried out on behalf of the Department for Work and Pensions can make them stressed and anxious.[131] There are no routine face-to-face assessments for Adult Disability Payment both to minimise this stress and because they are not necessary for everyone.

Where a decision cannot be made with the information available, people may be invited to a consultation, which can be held virtually or in person. This will be with a health or social care practitioner employed by Social Security Scotland and will be tailored for the person with no irrelevant questions asked. People will be informed of everything that has been noted during the consultation and they will have a chance to review and respond to this.

We will always start from a position of trust and will never use the private sector or third parties to assess people. Consultations for Adult Disability Payment do not involve functional examinations such as grip strength tests or the Mental Health Examination.

For many people in the DWP system, a review of their entitlement to a disability benefit can be extremely stressful.[132] We have therefore introduced indefinite awards for disabled people with needs which are highly unlikely to change and who receive the maximum level of award. Indefinite awards will not be reviewed, unless people tell us that there has been a change in their circumstances. Support will be available to those who want to challenge decisions and people challenging an Adult Disability Payment decision which removed or reduced an existing award will be able to access Short-Term Assistance. This provides people with the same amount of money they were getting before a decision was made to lower or stop their payment.

Acronyms

AHC	After Housing Costs
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
EU	European Union
FRS	Family Resources Survey
GB	Great Britain
HBAI	Households Below Average Income
HMRC	His Majesty's Revenue and Customs
JSA	Jobseeker's Allowance
MIG	Minimum Income Guarantee
NI	National Insurance
NICs	National Insurance Contributions
OECD	The Organisation for Economic Co-operation and Development
PIP	Personal Independence Payment
UBI	Universal Basic Income
UC	Universal Credit
UK	United Kingdom
UN	United Nations

Glossary

Bedroom Tax: Penalises households in the social rented sector who have so-called 'spare rooms'.

Beneficiaries: A person or entity that is legally designated to receive benefits from something, for example a pension, trust, will or life insurance policy.

Benefit Cap: Frozen between 2016 and 2023, despite inflation, this limits the amount of annual benefits that a household can receive to £14,753 for single adults if they live alone with no children, or £22,020 for couples or single households with children. This compares to a median UK disposable income of £32,300 in 2022.

Benefit Freeze: Where Universal Credit rates froze from 2016 to 2020 as the cost of living increased.

Block Grant Adjustments: Transfers funding to the Scottish Government based on what the UK Government would have spent on the equivalent benefits in Scotland.

Budgeting Loans: A loan which must be repaid through deductions from Universal Credit payments.

Consumer Price Index (CPI): A measure of inflation reflecting changes in the cost of buying a 'basket' of products. See also: Retail Price Index.

Gender Pay Gap: The difference between the average (mean or median) earnings of men and women across a workforce.

Legacy Benefits: Benefits replaced by Universal Credit including Child Tax Credit, Housing Benefit, Income Support, Income-based Jobseeker's Allowance (JSA), Income-related Employment and Support Allowance (ESA) and Working Tax Credit

Local Housing Allowance: Limits the amount of housing costs paid by Universal Credit in the private rental sector.

Minimum Income Guarantee (MIG): A Minimum Income Guarantee would create financial wellbeing and resilience by providing an assurance that everyone in Scotland would have an income at a level that allows them to live a dignified, healthy and financially secure life.

OECD: The Organisation for Economic Co-operation and Development, an international economic organisation of 34 countries founded in 1961 to stimulate economic progress and world trade.

Passported Benefits: Benefits that some groups of people are entitled to because of their entitlement to other benefits.

Persistent Poverty: Individuals in relative poverty after housing costs for three out of the last four years.

Relative Poverty: Individuals living in households whose equivalised income is below 60% of median income in the same year. This is a measure of whether those in the lowest income households are keeping pace with the growth of incomes in the economy as a whole.

Reserved Benefits: Benefits which are still the responsibility of the UK Government, and where the Scottish Government has no powers.

Sanction: When Universal Credit payments are reduced for a set period due to someone failing to do what they had agreed in their Claimant Commitment without good reason.

Scottish Fiscal Commission (SFC): Scotland's official, independent economic and fiscal forecaster.

Social Security Advocacy Service: The service provides free support to anyone who identifies as disabled, and who wants help to engage with Social Security Scotland from the point of application through to any request for redetermination and appeal. The service is independent of the Scottish Government and is delivered by VoiceAbility, a charity with 40 years' experience of delivering independent advocacy services.

Two-Child Limit: Households will only receive the child element of Universal Credit or Child Tax Credits for their oldest two children, penalising larger families.

Universal Credit (UC): The main social security benefit for working-age people in the UK.

Work Coaches: Based in DWP Job Centres, Work Coaches help individuals and their families towards financial independence through work and enabling them to access the support they need as they progress.

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